

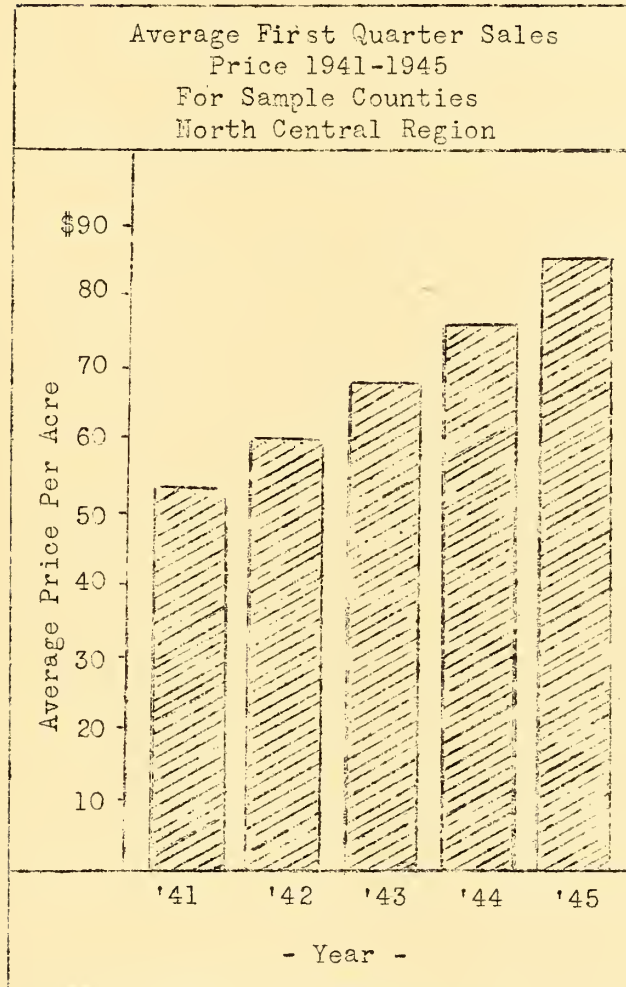
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UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE
NORTH CENTRAL REGION

First Quarter 1945



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SUMMARY

Volume: The present quarter is the fourth successive quarter that the number of land transfers has been below comparable quarters of the preceding year. There are 30 percent fewer transfers in the current quarter than in the same quarter of last year.

Purchasers: Farmers purchased 68 percent of all the tracts in the current quarter as compared to 64 percent last quarter and 74 percent a year ago. Tenants purchased 43 percent of the tracts bought by farmers or 29 percent of the total tracts transferred.

Sellers: There has been a slight rise in estate sales from 11 percent a year ago to 15 percent in the current quarter. Corporation and government sales account for 9 percent of the transfers. This is the same proportion as last quarter and represents a low point for these sales as compared with 13 percent last year and 16 percent two years ago.

Prices: The average selling price of land has risen to a new high of \$85 per acre -- 12 percent above prices of a year ago and 60 percent above first quarter 1941. The highest reported selling price for an operating unit was \$325 per acre for 160 acres in Livingston County, Illinois.

Buyer's Equity: Fifty-five percent of the tracts purchased have been paid for in cash. Only the third and fourth quarters of last year had a higher proportion of cash sales. Along with the increase in cash purchases, buyers have increased their equity in financed purchases. Buyers who have financed current quarter purchases by mortgages retain a 44 percent equity. This is higher than any previous quarter and compares with 42 percent last quarter and in the first quarter of last year.

Mortgage Financing: Twenty-eight percent of the transfers financed by new mortgages have been financed by a purchase money mortgage as compared to 39 percent in the first quarter of 1943 and 32 percent in the first quarter of last year. The decline in purchase money mortgages has been met by a higher proportion of loans by all of the established lending agencies. There appears to be some decline in the loan rate on new mortgages. For the first time more than half the loans have an interest rate of $4\frac{1}{2}$ percent or less.

Resales: The proportion of tracts resold within a year decreased from a peak of 12.9 percent in the third quarter of 1944 to 7.3 percent in the fourth quarter. The gross profit on these quick resales also declined from a third quarter 1944 high of 28.3 percent to 18.9 percent.

Outlook: The closing of the war in Europe is not expected to have any depressive effect upon the land market during the immediate future. A declining volume of transfers at continued rising prices is creating a strong sellers market with little to expect, but a further rise in land prices.

WARTIME LAND MARKET SURVEY 1/

First Quarter, 1945 2/

Introduction

In viewing the present land market situation, some are inclined to believe that land prices are already too high while others think that land prices have not yet reached unwarranted levels. The rise in land prices has been gradual and uniform but almost as great as during World War I.

Land values in the United States have now advanced at an average rate of 1 percent a month for 4 years. The rise for the 1941-45 period is 85 percent as great as the increase for the four-year period 1916-20. 3/ The uncertainty of future prices, production and costs makes it impossible to say definitely whether current land prices are too high. However, prospective buyers and especially those persons who plan to purchase land with borrowed funds should carefully weigh their prospects for receiving a future dollars and cents income from their land that will justify land investments at current prices.

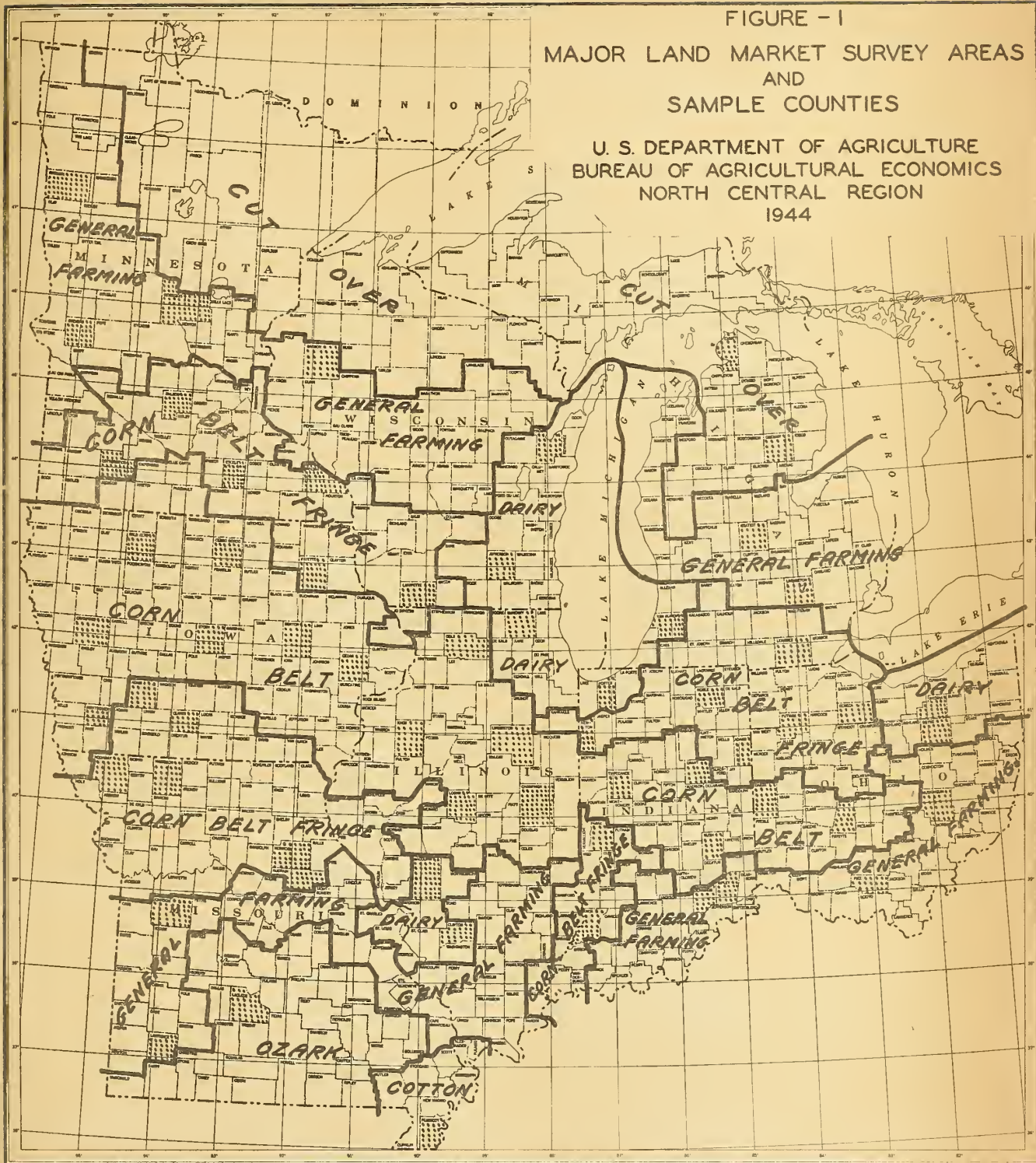
1/ Assistance in collecting and tabulating the data for this survey was provided by members of the Departments of Agricultural Economics in Illinois, Indiana, Iowa, Missouri, Minnesota, Michigan and Ohio, and by members of the B.A.E. staff.

2/ This report is the thirteenth in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only voluntary sales and were obtained from deed and mortgage records in local county recorders' offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.

3/ "Current Developments in the Farm Real Estate Market", USDA, BAE. March, 1945.

FIGURE - I
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES

U. S. DEPARTMENT OF AGRICULTURE
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NORTH CENTRAL REGION
1944



SCALE IN MILES
0 25 50 75 100

VOLUME

The seasonal trend in the number of transfers show the usual increase over the latter quarters of last year. However, the volume of transfers in the current quarter is less than the first quarter of either 1943 or 1944 and is the fourth successive quarter that the volume of transfers has been less than the preceding year (Table 1).

TABLE 1. Average Number of Land Transfers
per County.

Year	Quarter			
	First	Second	Third	Fourth
1941	47	34	34	43
1942	47	30	24	32
1943	55	51	39	46
1944	77	47	34	42
1945	54			

There are 30 percent fewer transfers in the present quarter than a year ago. A partial explanation may lie in the fact that the first quarter of last year was an exceedingly heavy quarter. However, it is important to note that despite the drop from the peak volume of the first quarter of 1944, the current level of market activity is still high relative to pre-war years.

In only two areas - the Cotton Area and Southeastern Indiana - is the current quarter volume of sales larger than the first quarter of last year. The greatest decline in volume occurred in the General Farming Areas and the Corn Belt Fringe Areas (Table 2).

The volume of sales in most areas is about equal to the first quarter of 1943.

PURCHASERS

Farmers purchased 68 percent of all the tracts sold in the current quarter, as compared to 64 percent last quarter and 74 percent a year ago (Table 3). A slightly higher proportion of these buyers plan to rent out the land they purchased than was the case a year ago.

TABLE 2. Average Number of Farm Real Estate Sales per sample county,
First Quarter 1941-1945 - North Central Region 1/

Area 2/	: No. of : sample : Counties : for 1945	First Quarter				
		1941 3/	1942	1943	1944	1945
----- Number -----						
<u>CORN BELT AREAS</u>	17	50	43	54	70	54
Central Indiana-Ohio	5	44	39	66	62	49
Illinois-Indiana Cash Grain	3	30	41	48	45	39
Illinois-Iowa Livestock	3	56	47	53	74	61
Central and Northern Iowa	4	66	45	49	80	55
Western Iowa	2	34	40	62	86	70
<u>DAIRY AREAS</u>	9	43	45	45	68	49
Northeastern Ohio	2	43	50	54	89	34
Lake Michigan	5	50	49	46	68	57
East St. Louis	2	19	22	31	43	41
<u>CORN BELT FRINGE AREAS</u>	20	47	50	54	87	57
Toledo General Farming	4	54	54	63	90	73
Kankakee River	2	41	39	36	34	32
Lower Wabash River	2	28	29	50	69	48
Missouri Putnam Soils	2	58	58	60	98	73
Iowa-Missouri Pasture	2	81	66	86	99	65
Maryville-Greenfield Livestock	2	62	95	97	156	108
Southern Minnesota	3	23	24	18	69	32
LaCrosse-Dubuque Livestock	3	37	40	41	75	34
<u>GENERAL FARMING AREAS</u>	12	41	48	50	77	48
Southeastern Ohio	2	46	33	40	50	45
Southcentral Indiana	2	60	34	45	74	76
Southwestern Missouri Plains	2	69	47	90	123	76
Central Minnesota-Wisconsin	2	37	66	54	96	49
Red River Valley	2	19	22	20	26	18
Central and Western Michigan	2	45	52	52	82	54
<u>CUTOVER AND OZARK AREAS</u>	3	59	59	108	78	68
Michigan Cutover	2	21	21	17	30	16
Missouri Ozark	1	71	71	137	93	84
<u>MISSOURI-ILLINOIS COTTON AREA</u>	1	58	34	15	30	35
REGIONAL AVERAGE (Total)	62	47	47	55	77	54

1/ Deeds dated and recorded within the same quarter for 1942. The 1943 and 1945 numbers include in addition deeds dated in the preceding month but recorded in each quarter. The names of sample counties are given in the Appendix.

2/ Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.

3/ Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

TABLE 3. Distribution of Farm Land Purchases by Occupation and Intent of Purchaser

Year	Farmers		Non-Farmers	
	To operate	To lease	To operate	To lease
	to others		to others	
	Percent			
1943				
1st Quarter	60	7	8	25
2nd Quarter	54	7	10	29
3rd Quarter	48	7	11	34
4th Quarter	62	10	10	18
1944				
1st Quarter	66	8	11	15
2nd Quarter	61	7	11	21
3rd Quarter	57	8	14	21
4th Quarter	58	6	16	20
1945				
1st Quarter	60	8	11	21

Tenants purchased 43 percent of the tracts bought by farmers or 29 percent of all tracts transferred. This is the same proportion of total transfers as last quarter, but is somewhat lower than the first and second quarters of last year.

Although there is a larger percentage of non-farmer buyers than last year, a smaller proportion of these buyers have indicated they intend to operate the land purchased.

Purchases by farmers were heaviest in the Corn Belt Fringe Areas, and lowest in the Dairy Areas and the Cutover and Ozark Areas (Table 4). As usual, these two areas produced the largest proportion of non-farmer buyers who have intentions of operating the land.

Almost three-fourths of the non-farmers who purchased land in the Cutover and Ozark Areas intend to operate the land purchased. Slightly over half of these buyers in the Dairy Areas have the similar intentions. A somewhat higher proportion of the farmer buyers in the Corn Belt Areas, than in other areas, plan to rent out the land purchased.

TABLE 4. Farmers and non-farmers buying farms and their intentions to operate or lease to others, first quarter 1945, North Central Region

Area	: Total	: Farmers		: Non-Farmers	
	:Transfers	: To	:To lease	: To	:To lease
	:Classified:	operate:	to others:	operate:	to others
	(Number)	- - - -	Percent	- - - -	- - - -
<u>CORN BELT AREAS</u>	496	55	11	5	29
Central Indiana-Ohio	187	61	8	11	20
Illinois-Indiana Cash Grain	69	42	13	1	44
Illinois-Iowa Livestock	59	56	10	3	31
Central and Northern Iowa	119	55	15	6	24
Western Iowa	62	65	3	3	29
<u>DAIRY AREAS</u>	186	50	7	22	21
Northeastern Ohio	10	50	10	20	20
Lake Michigan	127	52	5	26	17
East St. Louis	49	45	12	10	33
<u>CORN BELT FRINGE AREAS</u>	563	63	10	8	19
Toledo General Farming	132	49	9	14	28
Kankakee River	53	62	17	6	15
Lower Wabash River	46	63	4	2	31
Missouri Putnam Soils	88	68	8	7	17
Iowa-Missouri Pasture	65	66	11	6	17
Maryville-Greenfield Livestock	100	73	6	7	14
Southern Minnesota	53	60	15	4	21
LaCrosse-Dubuque Livestock	26	73	4	11	12
<u>GENERAL FARMING AREAS</u>	284	68	3	14	15
Southeastern Ohio	56	55	0	13	32
Southeastern Indiana	88	36	7	24	33
Southwestern Missouri Plains	53	70	4	15	11
Central Minnesota-Wisconsin	54	72	6	11	11
Red River Valley	7	86	0	14	0
Central and Western Michigan	26	58	4	19	19
<u>CUTOVER AND OZARK AREAS</u>	37	55	2	31	12
Michigan Cutover	5	60	0	40	0
Missouri Ozark	32	53	3	28	16
<u>MISSOURI-ILLINOIS COTTON AREA</u>	31	52	19	3	26
<u>REGIONAL TOTAL</u>	1597	60	8	11	21

SELLERS

Sales by corporations and government organizations account for 9 percent of current quarter transfers (Table 5). This is the same proportion as last quarter, which was the low point for these sales and compares with 16 percent two years ago and 13 percent last year. Two areas - the Dairy Areas and the Cotton Area - have a higher proportion of corporation sales than a year ago, while the remaining areas have experienced about a uniform reduction in these sales.

Seventy-six percent of the tracts transferred in the current quarter were sold by individuals. Sales by individuals were heaviest in the Cutover and Ozark Areas. Here almost 90 percent of the sales were by individuals. Sales by individuals were lightest in the Corn Belt Areas and the Cotton Area.

By adjusting for the unclassified individuals, it is found that about 30 percent of the tracts have been sold by owner operators or slightly less than a year ago, but slightly more than last quarter.

Sales by estates have risen from 11 percent a year ago to 15 percent in the current quarter, but only slightly above last quarter. Estate sales continue to be considerably heavier in the Corn Belt Areas.

Fifty-seven percent of the owner operators who sold land in the current quarter plan to continue farming (Table 6). This is the same proportion as a year ago, but is slightly less than the 54 percent who reported such intentions last quarter.

TABLE 6. Intention of Owner-Operators who recently sold land, sample counties, first quarter, 1945. North Central Region.

Area	Total Transfers Classified (Number)	Intent of owner-operators after selling land			
		Continue to Farm	Other Occupations	In Armed Forces	Retire
		Percent			
Corn Belt Areas	131	60	6	1	33
Dairy Areas	76	46	1	0	53
Corn Belt Fringe Areas	166	50	11	0	39
General Farming Areas	83	60	11	0	29
Cutover and Ozark Areas	19	79	10	0	11
Cotton Area	16	75	19	0	6
REGION	491	57	9	0	34

TABLE 5. Types of Owners selling farms, first quarter, 1945
 North Central Region

Area	: Total : :transfers :	Type of Seller				
		: Owner :	: Land-:	: Unclas-:	: Corpor-:	
		: ator :	: lord :	: sified : : individ-:	: Estates:	: ations : and : Govt.
	(Number)	- - - - -	- - - - -	Percent	- - - - -	- - - - -
<u>CORN BELT AREAS</u>	862	17	28	27	20	8
Central Indiana-Ohio	246	35	37	9	17	2
Illinois-Indiana Cash Grain	117	13	28	25	32	2
Illinois-Iowa Livestock	141	11	21	44	19	5
Central and Northern Iowa	219	15	24	32	15	14
Western Iowa	139	11	32	21	19	17
<u>DAIRY AREAS</u>	367	23	22	39	9	7
Northeastern Ohio	28	28	0	61	11	0
Lake Michigan	258	24	24	35	8	9
East St. Louis	81	13	43	27	11	6
<u>CORN BELT FRINGE AREAS</u>	1088	19	25	30	15	11
Toledo General Farming	291	17	23	45	13	2
Kankakee River	63	33	37	10	14	6
Lower Wabash River	95	19	24	34	17	6
Missouri Putnam Soils	145	21	28	23	16	12
Iowa-Missouri Pasture	130	14	22	37	8	19
Maryville-Greenfield Livestock	215	10	21	34	14	21
Southern Minnesota	95	24	31	23	17	5
LaCrosse-Dubuque Livestock	54	17	18	30	18	17
<u>GENERAL FARMING AREAS</u>	558	14	31	34	13	8
Southeastern Ohio	89	17	35	31	16	1
Southeastern Indiana	152	25	40	20	14	1
Southwestern Missouri Plains	151	11	23	54	10	2
Central-Minnesota-Wisconsin	73	21	34	23	14	8
Red River Valley	17	6	24	29	18	23
Central and Western Michigan	76	7	30	50	8	5
<u>CUTOVER AND OZARK AREAS</u>	107	18	24	46	6	6
Michigan Cutover	23	17	22	48	13	0
Missouri Ozark	84	18	24	46	4	8
<u>MISSOURI-ILLINOIS COTTON AREA</u>	35	46	23	3	8	20
<u>REGIONAL TOTAL</u>	3017	18	27	31	15	9

Thirty-four percent plan to retire which is slightly above last year. These plans for retirement are most prevalent in the Dairy Areas.

Nine percent, the same proportion as a year ago plan to leave agriculture for other employment. This is a decided drop from 13 percent reporting such intentions last quarter.

PRICES

The average selling price of agricultural land in this region has risen to a new high of \$85 per acre, which marks an almost continuous rise from \$53 per acre at the beginning of this study (Table 7). Present land prices are 12 percent above those of a year ago and 60 percent above first quarter 1941 levels. This percentage rise in first quarter land prices has been strikingly uniform from year to year, not varying more than 1 percent any one year.

TABLE 7. Average Price Per Acre

Year	Quarter				Yearly Average
	First	Second	Third	Fourth	
	Dollars				
1941	53	54	55	59	55
1942	60	58	61	61	59
1943	68	68	73	72	70
1944	76	73	77	78	76
1945	85				

Average land price in each of the major type of farming areas is above the price of a year ago (Table 8). However, there are six sub-areas in which current quarter averages are below the first quarter of last year. For no apparent reason price change from a year ago varied from an increase of 54 percent in the Cotton Area to a decline of 24 percent in the East St. Louis Dairy Area. In no instance are current prices below the first quarter 1943 level.

Although average land prices in the Corn Belt Areas are more than three times as high as those of the General Farming Area, the percentage increase in the Corn Belt Areas over a year ago is almost the same as in the General Farming Areas. The increase in the average first quarter price of land in the Corn Belt Areas from 1944 to 1945 is almost twice as great as the increase from 1943 to 1944, while the current quarter shows less of an increase for the General Farming Areas.

TABLE 8.

Average per acre price of farm real estate
changing ownership in sample counties, by areas,
First Quarter 1941-45 North Central Region 1/

Area	First Quarter					Pct. change
						1st quarter
	2/ 1941	1942	1943	1944	1945	'45 over 1st quarter '44.
	Dollars					(Percent)
<u>CORN BELT AREAS</u>	84	97	112	121	139	+15
Central Indiana-Ohio	82	88	98	114	133	+17
Illinois-Indiana Cash Grain	116	138	144	157	203	+29
Illinois-Iowa Livestock	82	91	106	114	133	+17
Central and Northern Iowa	76	93	118	120	126	+ 5
Western Iowa	62	64	79	89	99	+11
<u>DAIRY AREAS</u>	69	68	83	95	96	+ 1
Northeastern Ohio	61	81	80	95	117	+23
Lake Michigan	76	68	92	99	98	- 1
East St. Louis	53	54	57	79	60	-24
<u>CORN BELT FRINGE AREAS</u>	45	52	61	70	73	+ 4
Toledo General Farming	59	78	92	96	109	+14
Kankakee River	54	54	70	62	90	+45
Lower Wabash River	37	42	49	66	64	- 3
Missouri Putnam Soils	24	22	30	30	35	+17
Iowa-Missouri Pasture	27	32	32	51	48	- 6
Maryville-Greenfield Livestock	49	52	55	65	63	- 3
Southern Minnesota	50	58	75	87	92	+ 6
LaCrosse-Dubuque Livestock	43	50	52	65	70	+ 8
<u>GENERAL FARMING AREAS</u>	29	33	33	38	44	+16
Southeastern Ohio	25	31	29	36	31	-14
Southeastern Indiana	31	23	33	30	36	+20
Southwestern Missouri Plains	24	24	30	35	40	+14
Central Minnesota-Wisconsin	21	21	24	29	36	+24
Red River Valley	25	26	26	32	36	+13
Central and Western Michigan	53	56	58	62	82	+32
<u>CUTOVER-OZARK AREAS</u>	14	16	18	18	23	+28
Michigan Cutover	20	23	18	20	21	+ 5
Missouri Ozark	12	14	18	17	24	+41
<u>MISSOURI-ILLINOIS COTTON AREA</u>	63	84	94	103	159	+54
<u>REGIONAL AVERAGE</u>	53	60	68	76	85	+12

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943, 1944, and 1945 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month.

2/ Based on 33 sample counties. Land prices in areas for which 1941 data were not available were calculated on the basis of the 1941-42 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

For the first time, average prices in one of the sub-areas has exceed \$200 per acre. In one of the counties of this sub-area, the average price of all the land sold in the present quarter was \$261 per acre.

Among the highest selling prices reported this quarter for operating units were: 160 acres in Livingston County, Illinois at \$325 per acre; 160 acres in Champaign County, Illinois at \$320 per acre; 80 acres in Knox County, Illinois at \$315 per acre.

BUYER'S EQUITY

Forty-five percent of the tracts purchased in the current quarter have been financed (Table 9). This is considerably below the first quarter of any previous year. The data indicates that there were definitely a higher proportion of cash sales in 1944 than in 1942 and the current quarter figure indicates that this trend may be continuing. Only the third and fourth quarters of last year have a smaller proportion of credit financed sales.

TABLE 9. Proportion of tracts financed by mortgage
 or contract - North Central Region ^{1/}

Year	Quarter			
	First	Second	Third	Fourth
	Percent			
1942	63	65	52	53
1943	60	52	48	48
1944	53	46	41	44
1945	45			

In general, the areas of lowest average land prices have a higher proportion of cash sales (Table 10). The proportion of cash sales vary from 96 percent in the Michigan Cutover to 37 percent in the Southern Minnesota Area of the Corn Belt Fringe Areas.

The greatest increase in cash sales has occurred in the General Farming Areas where the proportion of cash sales have risen from 56 percent a year ago to 68 percent in the current quarter. No types-of-farming area has experienced a decline in the proportion of cash sales from the first quarter of last year.

Along with the increase in cash purchases, buyers have increased their equity in credit financed purchases. Buyers who have made credit financed purchases in the current quarter retain a 44 percent equity, which is higher than any previous quarter and compares with 42 percent last quarter as well as the first quarter of last year.

^{1/} Taken from past quarterly land market reports.

TABLE 10. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties
North Central Region, First Quarter, 1945.

Area	Method of Financing				Buyer's equity	
	Cash		and Mortgage		In mort-	In all
	Total		Total		gages	proper-
	Transfers	Cash sales	Mortgage	con-tracts	proper-ties	ties
	(Number)			Percent	1/	deeded
<u>CORN BELT AREAS</u>	862	47	52	1	50	71
Central Indiana-Chio	246	45	55	0	49	72
Illinois-Indiana Cash Grain	117	74	26	0	55	88
Illinois-Iowa Livestock	141	38	62	0	52	66
Central & Northern Iowa	219	41	58	1	48	65
Western Iowa	139	42	56	2	46	66
<u>DAIRY AREAS</u>	367	55	44	1	43	67
Northeastern Ohio	28	68	32	0	49	82
Lake Michigan	258	51	48	1	40	61
East St. Louis	81	56	44	0	44	68
<u>CORN BELT FRINGE AREAS</u>	1088	47	52	1	42	64
Toledo General Farming	291	51	49	0	47	70
Kankakee River	63	41	59	0	54	71
Lower Wabash River	95	66	34	0	47	72
Missouri Putnam Soils	145	52	48	0	40	67
Iowa-Missouri Pasture	130	42	58	0	38	58
Maryville-Greenfield Livestock	215	53	37	5	37	67
Southern Minnesota	95	37	63	0	45	59
LaCrosse-Dubuque Livestock	54	43	57	0	34	55
<u>GENERAL FARMING AREAS</u>	558	68	32	0	40	78
Southeastern Ohio	89	62	38	0	41	69
Southeastern Indiana	152	50	50	0	47	67
Southwestern Missouri Plains	151	62	38	0	39	72
Central Minnesota-Wisconsin	73	70	30	0	34	76
Red River Valley	17	88	12	0	44	94
Central & Western Michigan	76	59	41	0	46	79
<u>CUTOVER AND OZARK AREAS</u>	107	74	26	0	47	80
Michigan Cutover	23	96	4	0	73	95
Missouri Ozark	84	67	33	0	39	75
<u>MISSOURI-ILLINOIS COTTON AREA</u>	35	40	60	0	37	56
<u>REGIONAL TOTAL</u>	3017	55	44	1	44	71

1/ Includes purchase contracts.

The greatest equity in credit financed purchases was retained by buyers in the Corn Belt Areas, which is one of the areas having a high proportion of credit financed sales.

The increase in equity is barely keeping pace with the rise in land prices. The average dollar debt per acre on credit financed purchases this quarter, in all of the principal type-of-farming areas except the Dairy Areas, is above the dollar debt of a year ago (Table 11). The average dollar debt per acre varies from \$26 per acre in the General Farming Areas to \$65 per acre in the Corn Belt Areas.

TABLE 11. Per acre indebtedness of total purchases and mortgage financed purchases in the primary types of farming areas, by quarters - 1943-45. North Central Region

	Corn Belt Areas:		Dairy Areas		Corn Belt Fringe:		General Farming	
					Areas		Areas	
Year	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.
	-Dollars-							
1943								
1st Quar.	41	60	28	50	22	32	12	20
2nd Quar.	42	59	27	53	19	34	11	20
3rd Quar.	33	56	28	55	20	37	9	20
4th Quar.	36	60	26	53	20	37	11	21
1944								
1st Quar.	43	62	31	56	23	38	13	25
2nd Quar.	39	61	29	51	23	41	12	26
3rd Quar.	29	64	23	48	20	39	11	24
4th Quar.	39	65	28	59	22	39	12	25
1945								
1st Quar.	38	65	30	53	23	41	11	26

MORTGAGE FINANCING

The importance of purchase money mortgages as a source of credit for financing land purchases is declining. Only 28 percent of the current quarter transfers financed by new mortgages were financed by a purchase money mortgage (Table 12). This compares with 39 percent in the first quarter of 1943 and 32 percent a year ago.

There has been little change in the proportion of other new mortgages accepted by individuals, but the decline in purchase money mortgages has been met by a higher proportion of loans by established lending agencies. The proportion of other new mortgages by government agencies,

TABLE 12. Relative extent of use of purchase money mortgages and sources of other new mortgage credit, first quarter 1945, North Central Region 1/

Area	:Purchase :		Other new mortgages by			
	: money :	:	: FLB, :	Insur-:	Com- :	:
	:mortgages:	Individ-	: LBC :	ance:	mercial :	:
	: 2/ :	uals :	: & FSA :	Co. :	banks :	Other :
- - - - - Percentages - - - - -						
<u>CORN BELT AREAS</u>	25	13	6	26	23	7
Central Indiana-Ohio	12	15	4	8	44	17
Illinois-Indiana Cash Grain	11	14	7	53	4	11
Illinois-Iowa Livestock	29	15	7	20	29	0
Central & Northern Iowa	32	11	8	24	21	4
Western Iowa	39	10	3	31	17	0
<u>DAIRY AREAS</u>	31	21	5	4	34	5
Northeastern Ohio	25	0	0	0	75	0
Lake Michigan	37	32	5	4	19	3
East St. Louis	17	9	9	9	38	18
<u>CORN BELT FRINGE AREAS</u>	33	17	12	10	25	3
Toledo General Farming	16	17	2	6	57	2
Kankakee River	18	11	7	21	36	7
Lower Wabash River	36	12	0	4	48	0
Missouri-Putnam Soils	31	37	18	2	10	2
Iowa-Missouri Pasture	43	11	16	7	10	13
Maryville-Greenfield Livestock	50	18	13	10	9	0
Southern Minnesota	25	24	13	16	22	0
LaCrosse-Dubuque Livestock	45	11	26	11	7	0
<u>GENERAL FARMING AREAS</u>	30	20	11	0	30	9
Southeastern Ohio	24	20	3	0	3	50
Southeastern Indiana	16	9	4	0	62	9
Southwestern Missouri Plains	20	34	10	0	34	2
Central Minnesota-Wisconsin	32	16	5	0	47	0
Red River Valley	50	0	50	0	0	0
Central & Western Michigan	24	35	0	0	41	0
<u>CUTOVER AND OZARK AREAS</u>	14	37	7	0	29	13
Michigan Cutover	0	100	0	0	0	0
Missouri Ozark	18	17	9	0	39	17
<u>MISSOURI-ILLINOIS COTTON AREA</u>	44	6	6	6	11	27
<u>REGIONAL TOTAL</u>	28	18	9	11	27	7

1/ Percentages of total number of new mortgages on tracts conveyed.

2/ Includes contracts.

insurance companies, commercial banks and other loan agencies are all above the first quarter of last year.

Insurance companies as usual restricted their loans to the better farming areas. In the Corn Belt Areas insurance companies financed more purchases than any other credit source. In most of the other areas banks provided the bulk of the credit for new loans. Government loans were relatively less important in the better land areas than in the poorer land areas.

There appears to be some decline in the loan rate on new mortgages. The most common loan rate on new mortgages in the present quarter is 4 percent, (Table 13). Five percent was the most common loan rate in each quarter of last year. For the first time more than half the loans have an interest rate of 4 1/2 percent or less. Slightly over half the mortgage loans by commercial banks carry an interest rate of more than 4 1/2 percent. 1/

TABLE 13. Proportion of new farm land mortgages made at various interest rates, by type of lender, 21 sample counties, First Quarter, 1945, North Central Region.

Type of Lender	Total Cases (Number)	Percent of total loans of each type of lender by interest rates									
		2%	3%	3½%	4%	4½%	5%	6%	7%	8%	
		Percent									
Individual	136	6	7	2	34	8	35	14	0	0	
Commercial Banks	155	0	0	0	42	6	37	15	0	0	
Insurance Companies	37	0	0	0	81	14	5	0	0	0	
FLB and LBC	47	0	0	0	53	4	43	0	0	0	
Others	37	0	13	0	5	14	49	19	0	0	
TOTAL	412	0	3	1	41	8	35	12	0	0	
Interest rate not given	127										
GRAND TOTAL	539										

Forty-seven percent of the new mortgage loans have a maturity date of 5 years or less (Table 14). Seventy-one percent must be repaid or refinanced within the next ten years. These figures are only slightly below those of a year ago.

1/ Sample counties used in the study of mortgage terms are Logan and Knox, Illinois; Adams, Knox, Porter, Newton, Noble, Grant and Tippecanoe, Indiana; Clarke, Palo Alto and Story, Iowa; Medina, Seneca, Darke, Madison and Muskingum, Ohio; Monroe, Missouri; Lenawee and Van Buren, Michigan; and Cottonwood, Minnesota.

TABLE 14. Proportion of new farm mortgages made for various lengths of time, by type of lender, 21 sample counties, First Quarter, 1945, North Central Region.

Type of Lender	Length of Mortgage						
	1 year:	2,3 :	4 :	5 :	6,7,8 :	9 :	Over
	Total : cases	or less : years	or 4 : years	5 : years	or 9 : years	10 : years	10 : years
	(Number)				Percent		
Individuals	124	16	16	40	10	15	3
Commercial Banks	170	11	6	44	8	22	9
Insurance Companies	71	2	0	3	4	18	73
FLB and LBC	47	0	0	0	0	2	98
Other	16	6	6	31	0	13	44
TOTAL	428	9	7	31	7	17	29
Length of Mortgage not given	111						
GRAND TOTAL	539						

With a heavier average debt per acre being acquired, a heavier repayment responsibility is being assumed. Loans by individuals have the earliest average maturity date. Almost 3/4 of the loans from individuals must be repaid within 5 years.

Forty-one percent of the mortgages on credit financed purchases this quarter may be fully repaid on an amortized payment basis and an additional 31 percent can reduce their principal through installment payments before maturity (Table 15). Individuals and commercial banks are least liberal with amortized payment privileges.

TABLE 15. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 21 sample counties, First Quarter, 1945, North Central Region.

Type of Lender	Percent of total mortgages			
	Total	Fully	Partially	Not
	Cases : (Number)	Amortized	Amortized	Amortized
		Percent		
Individuals	116	28	32	40
Commercial Banks	164	28	36	36
Insurance Companies	75	39	45	16
FLB and LBC	47	100	0	0
Other	36	75	14	11
TOTAL	438	41	31	28
Method of repayment not given	101			
GRAND TOTAL	539			

RESALES

The proportion of tracts resold within a year has decreased from the peak of 12.9 percent in the third quarter of 1944 to 7.3 percent in the fourth quarter (Fig.2). Also, the gross profit on these quick re-sales has dropped from a high of 28.3 percent to 18.9 percent ^{1/}. In only one quarter has the proportion of these quick resales exceeded 10 percent of the total sales.

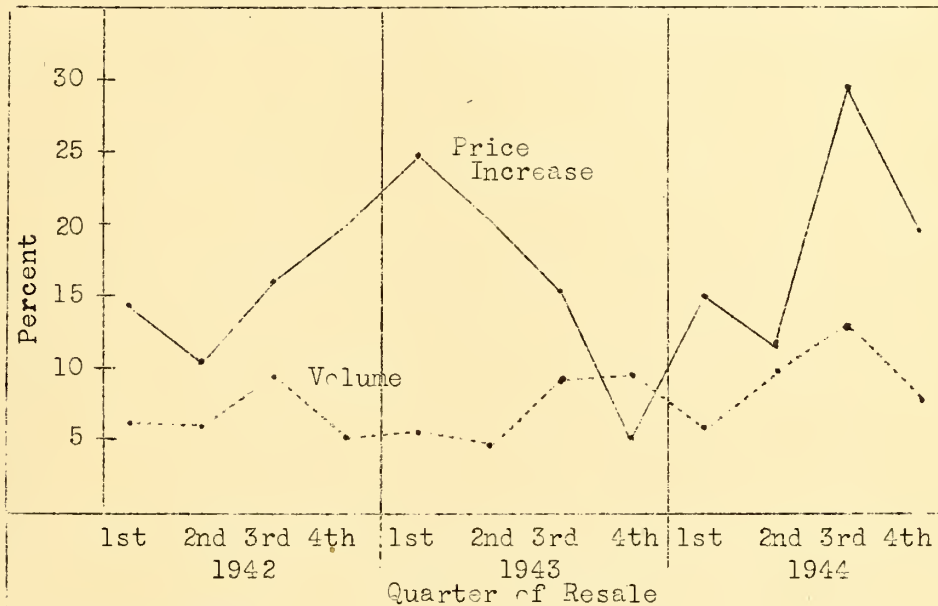


FIGURE 2. Percent of total quarterly sales resold within a year, and the average percent increase in price, by quarter of resale. ^{2/}

The proportion of tracts resold within two years accounts for slightly over 12 percent of the fourth quarter transfers (Table 16). A higher proportion of tracts are resold within six months after purchase than in any of the following six-month periods.

^{1/} See Table 16 for counties used in the study of Resales.

^{2/} Legal descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once. Purchase and sale prices were used in determining the change in price or gross profit to the seller.

TABLE 16. Number and percentage of Fourth Quarter 1944 sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

State and County	Number of trans- fers	Number of resales by months between purchase and Resale				Ratio of Resales to all Sales	Sales of properties held more than 24 Months		All sales properties pur- chased after December 31, 1940	
		Over 6, not over 12		Over 12, not over 18			Ratio to all sales	Total		
		Months	over 6 Months	Months	over 18, not over 24 Months					
Knox, Illinois	26	1	0	2	0	3	11.5%	4	7	26.9%
McHenry, Illinois	25	0	0	2	1	3	12.0	2	5	20.0
Fayette, Iowa	21	1	1	0	0	2	9.5	1	3	14.3
Cedar, Iowa	16	1	0	0	0	1	6.2	1	2	12.5
Audrain, Missouri	41	4	3	2	3	12	29.2	3	15	36.6
Putnam, Ohio	33	3	0	2	0	5	15.1	3	8	24.2
Rush, Indiana	25	0	1	0	3	4	16.0	0	4	16.0
Cottonwood, Minn.	30	1	0	0	0	1	3.3	3	4	13.3
Steele, Minnesota	23	0	0	0	0	0	---	1	1	4.3
Jennings, Indiana	66	1	3	2	1	7	10.6	1	8	12.1
Nodaway, Missouri	32	3	3	0	1	7	21.9	0	7	21.9
Harrison, Missouri	47	2	2	0	0	4	8.5	4	8	17.0
Crawford, Iowa	11	0	0	0	0	0	---	0	0	---
Pemiscot, Missouri	58	1	2	2	1	6	10.3	5	11	18.9
TOTAL	454	18	15	12	10	55	12.1%	28	83	18.3%
Percentage change in price		+16.1%	+22.2%	+38.0%	+25.4%			+30.6%	+26.7%	
Third Quarter 1944 TOTAL	311	21	19	7	7	54	17.4%	10	64	20.6%
Percentage change in price		+42.5%	+13.1%	+28.5%	+26.0%			+48.5%	+30.6%	

1/ It will be noted that the table is based on Fourth Quarter transfers.

OUTLOOK

The closing of the war in Europe is not expected to have any depressive effect upon the land market during the immediate future. "Cutbacks" in industrial production and military releases may add to the bidders for agricultural land.

A declining volume of transfers at continued rising prices is creating a strong sellers market with little to expect but a further rise in land prices for at least the next few quarters. A strong sellers market may give rise to a larger volume of quick resales but probably will not appear in the immediate future.

There appears to be some evidence that the rate of increase in land prices in the better land areas is accelerating and may well continue with favorable prices and growing seasons coupled with a diminished volume of sales. An unfavorable crop year might be expected to have a definite depressive effect on land prices.

APPENDIX

Major Land Value Areas and Sample Counties

Corn Belt Areas

Central Indiana-Ohio
Grant Co., Ind.
Rush Co., Ind.
Tippecanoe Co., Ind.
Darke Co., Ohio
Madison Co., Ohio

Illinois-Indiana Cash Grain
Logan Co., Ill.
Champaign Co., Ill.
Livingston Co., Ill.

Illinois-Iowa Livestock
Knox Co., Ill.
*Ogle Co., Ill.
Cedar Co., Iowa

Central & Northern Iowa
Benton Co., Iowa
Cerro Gordo Co., Iowa
Palo Alto Co., Iowa
Story Co., Iowa

Western Iowa
Crawford Co., Iowa
Montgomery Co., Iowa

Dairy Areas

Northeastern Ohio
Medina Co., Ohio
*Wayne Co., Ohio

Lake Michigan
Brown Co., Wis.
Jefferson Co., Wis.
*McHenry Co., Ill.
Porter Co., Ind.
Van Buren Co., Mich.

East St. Louis
Clinton Co., Ill.
Macoupin Co., Ill.

Corn Belt Fringe

Toledo Gen. Farming
Adams Co., Ind.
Putnam Co., Ohio
Seneca Co., Ohio
Lenawee Co., Mich.

Kankakee River
Newton Co., Ind.
Noble Co., Ind.

Lower Wabash
Parke Co., Ind.
Knox Co., Ind.

Missouri-Putnam
Audrain Co., Mo.
Monroe Co., Mo.

Iowa-Missouri Pasture
Clarke Co., Iowa
Harrison Co., Mo.

Maryville-Greenfield
Nodaway Co., Mo.
Adair Co., Iowa

Southern Minnesota
Cottonwood Co., Minn.
McLeod Co., Minn.
Steele Co., Minn.

LaCrosse-Dubuque
Fayette Co., Iowa
*Lafayette Co., Wis.
Winona Co., Minn.

General Farming Areas

Southeastern Ohio
Muskingum Co., Ohio
Pike Co., Ohio

Southeastern Indiana
Jennings Co., Ind.
Ripley Co., Ind.

Southwestern Mo. Plains
Johnson Co., Mo.
Lawrence Co., Mo.

Central Minn.-Wisconsin
Barron Co., Wis.
*Morrison Co., Minn.

Red River Valley
*Stevens Co., Minn.
Norman Co., Minn.

Central & Western Mich.
Livingston Co., Mich.
Gratiot Co., Mich.

Cutover Ozark Areas

Mich. Cutover
(Lower Peninsula)
Emmet Co., Mich.
Ogemaw Co., Mich.

Missouri Ozark
Laclede Co., Mo.

Cotton Area

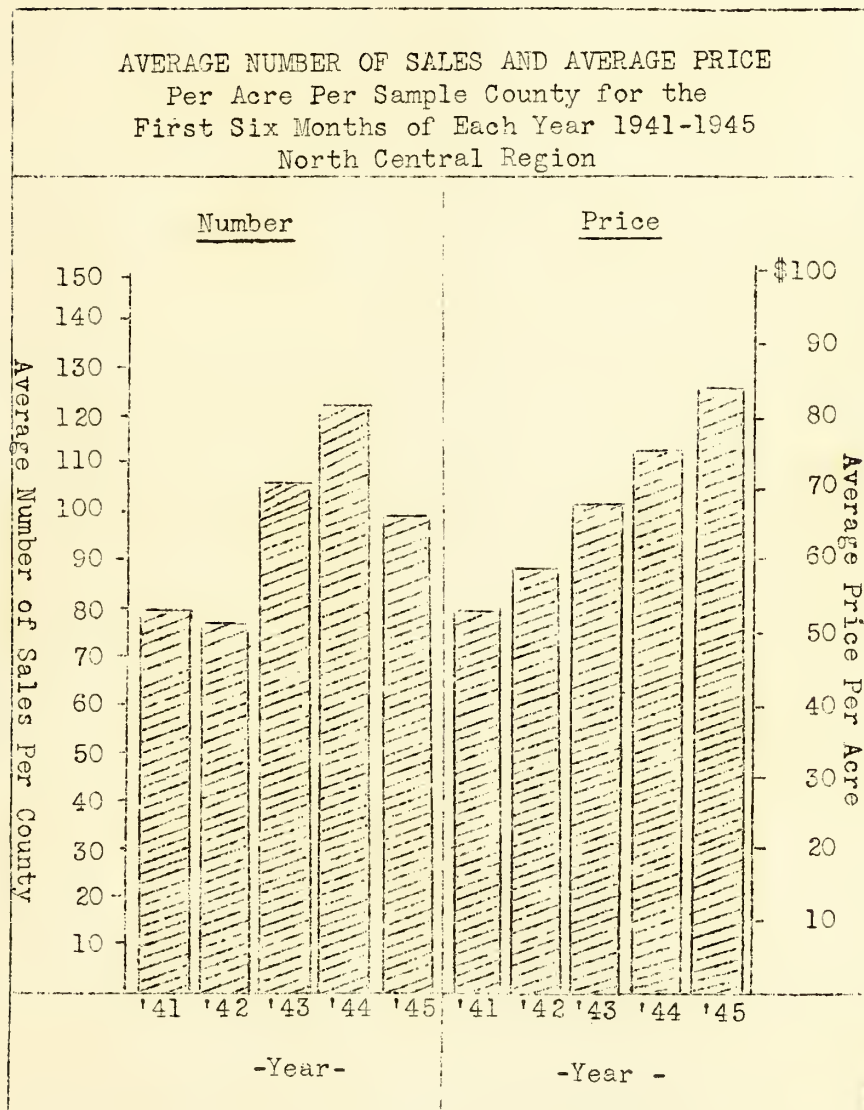
Pemiscot Co., Mo.

*Omitted this quarter

UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE
NORTH CENTRAL REGION

Second Quarter 1945



By
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Milwaukee, Wisconsin
August 1945

SUMMARY

VOLUME: Six percent fewer tracts were transferred in the current quarter than in the second quarter of last year and 14 percent less than in the second quarter of 1943. Although the number of transfers has declined over the past five quarters the volume is still higher than the 1941-1942 period. The volume of sales in the first half of this year is 19 percent less than the first six months of 1944.

PURCHASERS: Sixty-five percent of the tracts sold in the current quarter were purchased by farmers. Tenants purchased 38 percent of the tracts bought by farmers as compared to 65 percent a year ago. The trend seems to be toward a larger proportion of non-farmers intending to operate the tracts purchased.

SELLERS: Individuals sold 71 percent of the tracts transferred in the current quarter. This is the same proportion as a year ago and compares with 67 percent two years ago and 76 percent last quarter. All of the increase in the proportion of sales by individuals since the second quarter of 1943 has been in sales by owner-operators.

PRICES: In no quarter since the beginning of this study have land prices not been higher than the same quarter of the preceding year. The second quarter of 1945 average price of \$78 per acre is 7 percent higher than the same period of last year and 44 percent above the second quarter of 1941. The average price for the first six months of this year is 11 percent above the same period of last year.

BUYER'S EQUITY: Forty-six percent of the tracts purchased in the current quarter have been financed by new mortgages. Current quarter buyers who have financed their land purchase retain an average equity of 43 percent as compared to 40 percent in the second quarter of last year and 39 percent in the second quarter of 1943. In the General Farming Area the average per acre indebtedness on credit financed purchases is higher than any previous quarter and is equal to the average price of all land sold in that area during the year 1941.

MORTGAGE FINANCING: The proportion of purchase money mortgages continues relatively low in comparison to other quarters. The resulting increase in other new mortgages has been almost entirely taken up by commercial banks. The most common interest rate has risen from 4 percent last quarter to 5 percent this quarter. Forty-six percent of the new mortgages on credit financed purchases this quarter will mature within five years or less. Almost 3/4 of all new mortgages carry some plan of amortized payment.

RESALES: Resales of tracts held one year or less were 5.7 percent of the total first quarter 1945 sales. The average proportion of these quick resales for the years 1942, 1943 and 1944 is 6.3 percent, 6.1 percent and 7.7 percent respectively. The average gross profit on the resale of tracts held for a year or less was 14.8 percent for those tracts resold in the first quarter of this year. The average gross profit on these resales for the year 1942 was 15.3 percent, for 1943, 14.8 percent and for 1944, 16.1 percent.

OUTLOOK: It is unlikely that any major influence of the war's end will become apparent until the first quarter of next year. If present trends continue there will be a higher proportion of credit financed purchases in the next few quarters and commercial banks will continue to increase in importance as a source of mortgage credit. It appears likely that the decline in volume of transfers will tend to level off in the next two quarters, and that prices will continue to rise.

WARTIME LAND MARKET SURVEY 1/

Second Quarter, 1945 2/

Introduction

A continued large volume of land transfers at constantly rising prices indicates the strong attraction of capital to land. The accumulation of urban as well as rural savings together with the high net farm income provides the economic conditions for a really serious land inflation. Apparently all that is lacking if the general price level remains high is the proper psychological attitude which could be touched off almost any time.

Various types of land market control measures have been suggested to prevent serious land inflation. However, if any type of controls are to be effective it will be of the utmost importance to control the general price level for it is almost certain that any rise in the general price level will result in higher land prices.

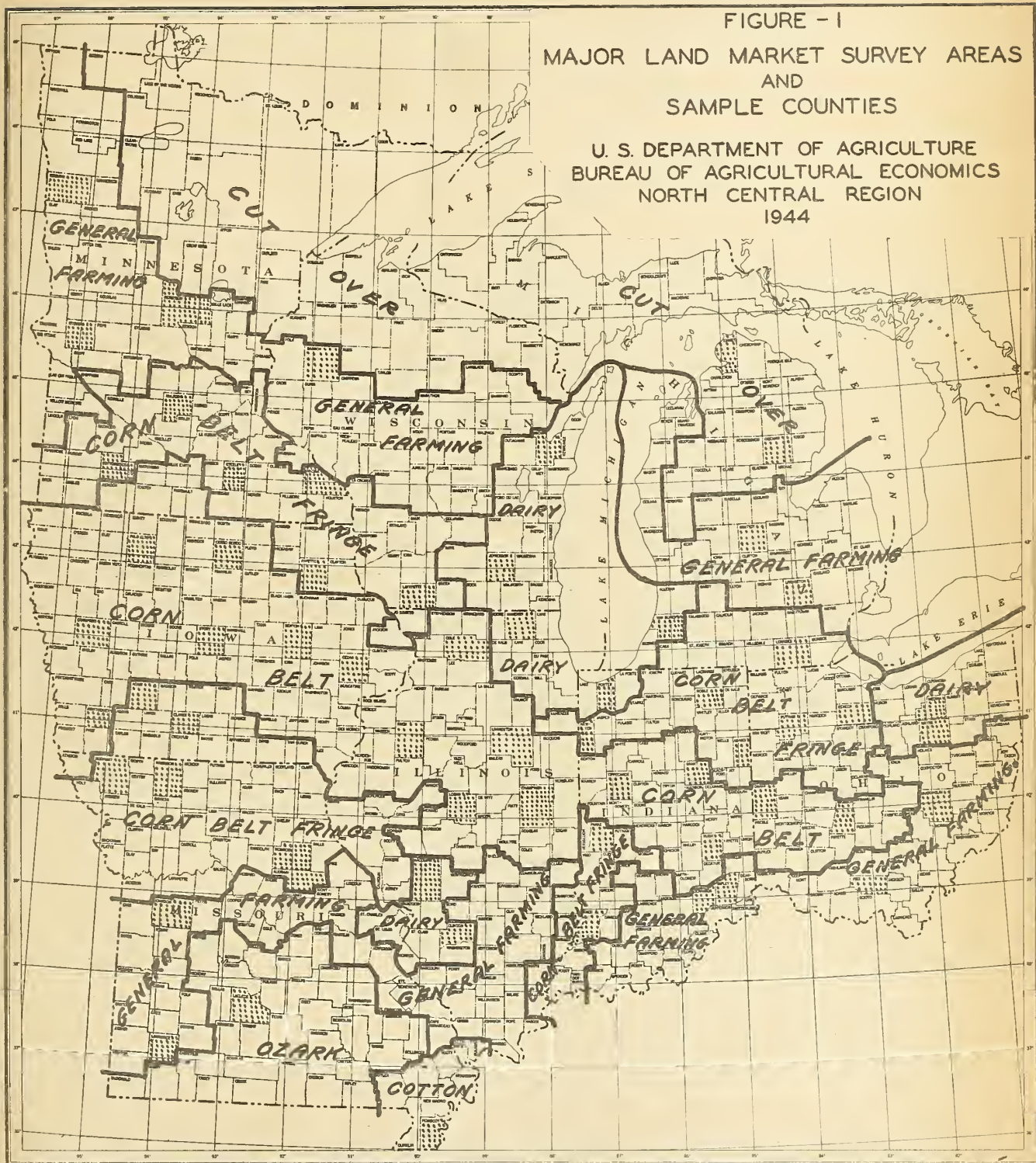
The total farm mortgage debt reduction and the high proportion of cash sales may by themselves be misleading in regard to dangers in the present situation. "The Farm Real Estate Situation 1943-44", published by the Bureau of Agricultural Economics, points out these facts: Despite the high proportion of cash sales more people went into debt to buy land in 1943 than in any year since 1920. Mortgages used to finance the purchase of farms amounted to 75 percent or more of the sale price in one-third, and 50 percent or more in three-fourths of the sales that were financed through credit. Also, that in more than one-fourth of the states of this country, values on November 1, 1944 were above their 1919 levels.

1/ Assistance in collecting and tabulating the data for this survey was provided by members of the Department of Agricultural Economics in Illinois, Indiana, Iowa, Minnesota, Michigan and Ohio, and by members of the BAE staff.

2/ This report is the fourteenth in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only voluntary sales and were obtained from deed and mortgage records in local county recorder's offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.

FIGURE - I
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES

U. S. DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
NORTH CENTRAL REGION
1944





VOLUME

For the fifth successive quarter the volume of transfers is less than the comparable quarter of the preceding year (Table I).

TABLE 1. Average Number of Land Transfers per County

Year	Quarter				Yearly Average
	First	Second	Third	Fourth	
1941	47	34	34	43	158
1942	47	30	24	32	133
1943	55	51	39	46	191
1944	75	47	34	42	198
1945	54	44			

Six percent fewer tracts were transferred in the current quarter than in the second quarter of last year and 14 percent less than in the second quarter of 1943. Although the number of transfers has declined over the past five quarters it is still higher than the 1941-1942 period. The current volume of transfers is above any quarter of 1941 or 1942 except the first quarter of those years. The current quarter decline is the smallest since the drop in volume began a year ago.

The Dairy Area and the Cotton Area are the only areas in which the current volume of transfers is higher than a year ago. These two areas show an even higher volume of sales than the second quarter of 1943 (Table 2).

Three of the five sub-areas comprising the Corn Belt Area and half of the sub-areas comprising the Corn Belt Fringe Area also show greater activity than a year ago. Of the 56 counties for which data were available this quarter, 25 had a larger volume of transfers than a year ago, 28 a smaller volume and 3 the same volume.

The volume of sales in the first half of this year is 19 percent less than the first six months of 1944 and 7 percent less than the first six months of 1943 but above the first six months of either 1941 or 1942.

PURCHASERS

Sixty-five percent of the tracts sold in the current quarter were purchased by farmers (Table 3). The proportion of purchases by farmers in the first half of the present year is slightly lower than the first half of last year. The decline in the proportion of purchases by farmers in the first half of this year and the corresponding increase in the proportion of purchases by non-farmers would indicate that it was principally farmers who refrained from buying during the decline in volume of sales over the past year.

Buyers indicate that 25 percent of the tracts purchased will be leased to other persons. This is the smallest proportion of any quarter except the first quarter of last year.

TABLE 2.

Average Number of Farm Real Estate Sales per sample county,
Second Quarter 1941-1945 - North Central Region 1/

Area 2/	: No. of : sample : Counties : for 1945 :	Second Quarter					:
		3/	:	:	:	:	
- - - - - Number - - - - -							:
<u>CORN BELT AREA</u>							
Central Indiana-Ohio	5	27	31	50	37	43	
Illinois-Indiana Cash Grain	3	20	17	27	16	19	
Illinois-Iowa Livestock	3	30	23	30	22	30	
Central and Northern Iowa	4	19	16	40	29	19	
Western Iowa	2	9	14	50	30	23	
<u>DAIRY AREA</u>							
Northeastern Ohio	2	59	58	69	83	82	
Lake Michigan	5	64	44	60	50	59	
East St. Louis	2	46	26	45	39	37	
<u>CORN BELT FRINGE AREA</u>							
Toledo General Farming	4	33	33	70	53	59	
Kankakee River	2	29	26	26	23	38	
Lower Wabash River	2	17	25	44	49	52	
Missouri Putnam Soils	2	27	30	42	46	53	
Iowa-Missouri Pasture	2	26	21	48	34	30	
Maryville-Greenfield Livestock	2	42	16	69	51	43	
Southern Minnesota	3	20	16	27	28	20	
LaCrosse-Dubuque Livestock	3	18	15	35	36	22	
<u>GENERAL FARMING AREA</u>							
Southeastern Ohio	2	24	29	75	54	68	
Southeastern Indiana	2	44	31	49	71	64	
Southwestern Missouri Plains	2	45	36	88	71	76	
Central Minnesota-Wisconsin	2	46	46	73	98	74	
Red River Valley	2	14	14	27	26	20	
Central and Western Michigan	2	50	49	62	81	70	
<u>CUTOVER AND OZARK AREA</u>							
Michigan Cutover	2	27	24	35	31	27	
Missouri Ozark	1	82	73	78	73	75	
<u>MISSOURI-ILLINOIS COTTON AREA</u>							
	1	31	15	19	18	25	
REGIONAL AVERAGE (Total)	62	34	30	51	47	44	

1/ Deeds dated and recorded within the same quarter for 1942. The 1943 to 1945 numbers include in addition deeds dated in the preceding month but recorded in each quarter. The names of sample counties are given in the Appendix.

2/ Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.

3/ Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

TABLE 3. Distribution of Farm Land Purchases by Occupation and Intent of Purchaser

Year	Farmers		Non-Farmers	
	: To lease		: To lease	
	To operate	to others	To operate	to others
	Percent			
1943				
1st Quarter	60	7	8	25
2nd Quarter	54	7	10	29
3rd Quarter	48	7	11	34
4th Quarter	62	10	10	18
1944				
1st Quarter	66	8	11	15
2nd Quarter	61	7	11	21
3rd Quarter	57	8	14	21
4th Quarter	58	6	16	20
1945				
1st Quarter	60	8	11	21
2nd Quarter	59	6	16	19

Tenants purchased 38 percent of the tracts bought by farmers or 28 percent of all tracts transferred. A year ago tenants purchased 65 percent of the tracts bought by farmers or 44 percent of all the tracts transferred. Last quarter tenants purchased 43 percent of the tracts purchased by farmers or 29 percent of all tracts transferred.

The trend seems to be toward a larger proportion of non-farmers planning to operate the tracts purchased. More than half the non-farmer buyers in the Dairy Area, the General Farming Area and the Cutover and Ozark Area have indicated intentions of operating the land purchased (Table 4). It has only been in recent quarters that the proportion in the Dairy Area and General Farming Area have exceeded half. Also a higher proportion of non-farmers who bought land this quarter in the Corn Belt Area intend to operate than in any previous quarter.

Purchases by farmers were heaviest in the Cotton Area and the General Farming Area and lightest in the Cutover and Ozark Areas.

TABLE 4. Farmers and non-farmers buying farms and their intentions to operate or lease to others, Second Quarter 1945, North Central Region

Area	Total	Farmers		Non-Farmers	
	Transfers	To	To lease	To	To lease
	Classified	operate	to others	operate	to others
	(Number)	Percent			
<u>CORN BELT AREA</u>					
Central Indiana-Ohio	173	61	5	14	20
Illinois-Indiana Cash Grain	22	9	18	9	64
Illinois-Iowa Livestock	12	33	8	17	42
Central and Northern Iowa	33	85	6	6	3
Western Iowa	27	67	0	11	22
<u>DAIRY AREA</u>					
Northeastern Ohio	35	51	6	20	23
Lake Michigan	113	47	3	29	21
East St. Louis	37	51	19	14	16
<u>CORN BELT FRINGE AREA</u>					
Toledo General Farming	70	31	13	23	33
Kankakee River	66	53	6	11	30
Lower Wabash River	43	44	5	21	30
Missouri Putnam Soils	62	61	3	15	21
Iowa-Missouri Pasture	29	66	3	10	21
Maryville-Greenfield Livestock	32	94	3	0	3
Southern Minnesota	19	58	5	5	32
LaCrosse-Dubuque Livestock	15	73	7	13	7
<u>GENERAL FARMING AREA</u>					
Southeastern Ohio	60	60	3	20	17
Southeastern Indiana	58	48	7	28	17
Southwestern Missouri Plains	29	69	0	21	10
Central Minnesota-Wisconsin	24	75	8	13	4
Red River Valley	14	72	7	21	0
Central and Western Michigan	28	57	3	29	11
<u>CUTOVER AND OZARK AREA</u>					
Michigan Cutover	11	55	0	45	0
Missouri Ozark	25	48	4	28	20
<u>MISSOURI-ILLINOIS COTTON AREA</u>					
	17	71	6	0	23
<u>REGIONAL TOTAL</u>	1054	59	6	16	19

SELLERS

Seventy-one percent of the tracts transferred in the current quarter were sold by individuals (Table 5). This is the same proportion as a year ago and compares with 67 percent two years ago and 76 percent last quarter. By apportioning the percent of unclassified individuals between owner-operators and landlords it can be seen that all of the increase since the second quarter of 1943 has been in sales by owner-operators. In 1943 owner-operators sold 22 percent of the tracts transferred and landlords 45 percent. In 1944 owner-operators sold 25 percent and landlords 46 percent. In the current quarter owner-operators sold 27 percent and landlords 44 percent.

The increase in the proportion of sales by individuals can best be explained by the decline in sales by corporations and governments who disposed of their holdings early in the present active market. These sales have fallen from 18 percent in the second quarter of 1943 to 13 percent a year ago and 11 percent for the present quarter.

As usual sales by individuals are highest in the Cutover and Ozark Area.

The proportion of sales by estates has remained almost unchanged throughout this study. There has continually been a higher proportion of estate sales in the Corn Belt than in any other area.

The intentions of owner-operators after selling land has not changed appreciably in the past years. In the current quarter 57 percent of the owner-operators who sold land plan to continue farming and 32 percent plan to retire, (Table 6). A year ago 51 percent indicated they would continue farming and 36 percent retire, while 13 percent intended to seek other employment. There has actually been a decline in the past two years in the proportion of owner-operator sellers planning retirement. In the second quarter of 1943, 41 percent indicated they planned to retire.

TABLE 6. Intention of Owner-Operators who recently sold land, sample counties, Second Quarter, 1945. North Central Region.

Area	Total Transfers Classified (Number)	Intent of owner-operators after selling land			
		Continue to Farm	Other Occupations	In Armed Forces	Retire
		Percent			
Corn Belt Area	75	75	3	1	21
Dairy Area	67	43	11	0	46
Corn Belt Fringe Area	94	56	10	0	34
General Farming Area	89	47	17	0	36
Cutover and Ozark Area	11	37	16	9	38
Cotton Area ^{1/}					
REGION	336	57	10	1	32

^{1/} Cotton Area omitted as only two cases were available.

TABLE 5. Types of Owners selling farms, Second Quarter, 1945
North Central Region

Area	:	:	Type of Seller			
			:	:	:	:
	Total	Owner	Land-	Unclas-	Estates	Corpor-
	transfers	oper-	lord	sified		ations
	:	ator	:	individ-	:	and
	:	:	:	uals	:	Gov't.
	(Number)			Percent		
<u>CORN BELT AREA</u>						
Central Indiana-Ohio	215	34	27	14	22	3
Illinois-Indiana Cash Grain	43	5	32	21	28	14
Illinois-Iowa Livestock	65	5	17	52	21	5
Central and Northern Iowa	75	6	16	25	24	29
Western Iowa	38	21	21	21	32	5
<u>DAIRY AREA</u>						
Northeastern Ohio	149	9	11	62	18	0
Lake Michigan	282	18	22	42	9	9
East St. Louis	73	14	31	36	15	4
<u>CORN BELT FRINGE AREA</u>						
Toledo General Farming	234	10	19	53	14	4
Kankakee River	75	22	40	7	28	3
Lower Wabash River	103	12	17	42	13	16
Missouri Putnam Soils	106	24	24	24	17	11
Iowa-Missouri Pasture	60	12	20	33	20	15
Maryville-Greenfield Livestock	85	6	14	35	26	19
Southern Minnesota	60	11	27	32	22	8
LaCrosse-Dubuque Livestock	31	16	23	23	19	19
<u>GENERAL FARMING AREA</u>						
Southeastern Ohio	135	19	25	45	10	1
Southeastern Indiana	128	28	23	32	16	1
Southwestern Missouri Plains	124	8	18	65	7	2
Central-Minnesota-Wisconsin	103	11	12	53	11	13
Red River Valley	28	22	18	18	21	21
Central and Western Michigan	140	4	19	64	13	0
<u>CUTOVER AND OZARK AREA</u>						
Michigan Cutover	53	9	25	43	6	17
Missouri Ozark	75	11	27	57	4	1
<u>MISSOURI-ILLINOIS COTTON AREA</u>						
	25	8	40	8	0	44
<u>REGIONAL TOTAL</u>						
	2505	13	21	37	18	11

PRICES

Farm land prices continue to rise. In no quarter since the beginning of this study have land prices not been higher than the same quarter of the preceding year (Table 7). The current quarter average price of \$78 per acre is \$24 or 44 percent above the second quarter of 1941. Only in the first quarter of this year has the average price been higher. This seasonal drop has occurred in four of the past five years.

TABLE 7. Average Price Per Acre

Year	Quarter				Yearly Average
	First	Second	Third	Fourth	
	Dollars				
1941	53	54	55	59	55
1942	60	58	61	61	59
1943	68	68	73	72	70
1944	76	73	77	78	76
1945	85	78			

The average per acre sale price of land sold in the current quarter is 7 percent higher than the same period of last year (Table 8). Each of the type of farming areas and all of the sub-areas except three have experienced a rise in the price of land. Land prices have advanced an average of 11 percent a year in the second quarter with the greatest increase occurring from 1942 - 1943.

Activity in the present quarter seems to be concentrated in the better land areas. Counties with an average selling price above the regional average tend to show an increase in the number of transfers while counties in which the average selling price is below the regional average tend to show a decline in number of transfers.

Among top prices paid for operating units this quarter were \$233 per acre for 120 acres in Putnam County, Ohio; \$270 for 152 acres in Benton County, Iowa; \$275 for 160 acres and \$300 for 120 acres in Livingston County, Illinois.

The average selling price of land in this region for the first six months of 1945 was \$83 per acre. An increase of 11 percent over the first half of 1944 (Table 9).

TABLE 8.

Average per acre price of farm real estate changing ownership in sample counties, by areas,
Second Quarter 1941 - 45 North Central Region 1/

Area	Second Quarter					:Pct. change
						:2nd quarter
	2/1941	1942	1943	1944	1945	: '45 over 2nd quarter '44.
	Dollars					(Percent)
<u>CORN BELT AREA</u>						
Central Indiana-Ohio	77	82	100	113	120	+ 6
Illinois-Indiana Cash Grain	121	137	153	161	165	+ 2
Illinois-Iowa Livestock	84	96	113	101	118	+17
Central and Northern Iowa	85	95	104	113	123	+ 9
Western Iowa	72	66	75	85	90	+ 6
<u>DAIRY AREA</u>						
Northeastern Ohio	71	75	88	100	109	+ 9
Lake Michigan	74	72	80	96	103	+ 7
East St. Louis	55	50	60	60	78	+30
<u>CORN BELT FRINGE AREA</u>						
Toledo General Farming	67	71	83	94	101	+ 7
Kankakee River	60	56	68	70	69	- 1
Lower Wabash River	34	45	51	57	62	+ 9
Missouri Putnam Soils	21	24	26	30	37	+23
Iowa-Missouri Pasture	28	33	31	41	51	+24
Maryville - Greenfield Livestock	60	52	60	60	62	+ 3
Southern Minnesota	55	57	85	72	73	+ 1
LaCrosse-Dubuque Livestock	46	48	57	63	53	-16
<u>GENERAL FARMING AREA</u>						
Southeastern Ohio	27	25	26	33	36	+ 9
Southeastern Indiana	23	22	33	34	37	+ 9
Southwestern Missouri Plains	26	26	32	35	40	+14
Central Minnesota-Wisconsin	17	22	27	28	32	+14
Red River Valley	26	29	24	32	34	+ 6
Central and Western Michigan	42	46	60	71	70	- 1
<u>CUTOVER and OZARK AREA</u>						
Michigan Cutover	12	13	21	21	30	+43
Missouri Ozark	12	13	17	20	23	+15
<u>MISSOURI-ILLINOIS COTTON AREA</u>						
	78	83	117	103	112	+ 9
<u>REGIONAL AVERAGE</u>						
	54	58	68	73	78	+ 7

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943, 1944, and 1945 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month.

2/ Based on 33 sample counties. Land prices in areas for which 1941 data were not available were calculated on the basis of the 1941-42 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

TABLE 9.

Average per acre price of Farm Real Estate changing
ownership in the First Half of the Year 1941 - 1945
North Central Region

Area	First Half Year					Pct. Change
						1st half 1945:
	1941	1942	1943	1944	1945	over 1st half 1944:
	Dollars					(Percent)
Corn Belt Area	85	97	110	120	135	+13
Dairy Area	70	68	81	93	96	+ 3
Corn Belt Fringe Area	46	52	62	68	72	+ 6
General Farming Area	27	29	33	38	42	+11
Cutover and Ozark Area	13	14	18	18	25	+39
Cotton Area	68	84	107	103	139	+35
Region	53	59	68	75	83	+11

The increase in the Corn Belt Area over the first half of last year is exceeded only by the increase in Cutover and Ozark Area and the Cotton Area. The average price in the Cotton Area is more than double the price for the same period of 1941 and is almost double in the Cutover and Ozark Area.

BUYER'S EQUITY

The purchase of 46 percent of the tracts transferred in the current quarter has been financed with credit (Table 10). This is the same proportion as a year ago and is the only quarter which has not shown a smaller proportion of credit financed purchases than comparable quarters of the preceding year. There has also been a slight seasonal increase from the first to the second quarter. This may indicate that the trend has reversed itself and future quarters may show an increasingly larger proportion of credit financed purchases.

TABLE 10. Proportion of tracts financed by mortgage
or contracts - North Central Region ^{1/}

Year	Quarter			
	First	Second	Third	Fourth
	Percent			
1942	63	65	52	53
1943	60	52	48	48
1944	53	46	41	44
1945	45	46		

The two areas of lowest average price have the highest proportion of cash sales (Table 11). However, the increase in the proportion of credit financed purchases over last quarter was brought about principally by an increase in financed purchases in these two areas. All other areas except

^{1/} Taken from past quarterly land market reports.

TABLE 11. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties
North Central Region, Second Quarter, 1945.

Area	Method of Financing				Buyer's Equity	
			Cash	Purchase	In mort-	In all
			and	con-	gaged	proper-
	Total	Cash	Mort-	tracts	proper-	ties
	:Transfers:	Sales:	gage:		ties 1/	ties
	(Number)			Percent		deeded
<u>CORN BELT AREA</u>						
Central Indiana-Ohio	215	45	55	0	47	69
Illinois-Indiana Cash Grain	43	72	28	0	41	75
Illinois-Iowa Livestock	65	65	35	0	51	80
Central & Northern Iowa	75	36	64	0	44	60
Western Iowa	38	45	50	5	54	70
<u>DAIRY AREA</u>						
Northeastern Ohio	149	54	46	0	47	69
Lake Michigan	282	51	49	0	40	59
East St. Louis	73	70	30	0	49	76
<u>CORN BELT FRINGE AREA</u>						
Toledo General Farming	234	53	47	0	44	70
Kankakee River	75	51	49	0	48	69
Lower Wabash River	103	51	49	0	38	66
Missouri Putnam Soils	106	49	51	0	46	66
Iowa-Missouri Pasture	60	57	43	0	38	69
Maryville-Greenfield Livestock	85	55	44	1	39	64
Southern Minnesota	60	40	60	0	36	58
LaCrosse-Dubuque Livestock	31	45	48	7	40	61
<u>GENERAL FARMING AREA</u>						
Southeastern Ohio	135	57	43	0	38	70
Southeastern Indiana	128	55	45	0	45	65
Southwestern Missouri Plains	124	59	41	0	45	71
Central Minnesota-Wisconsin	103	54	45	1	36	65
Red River Valley	28	89	11	0	55	92
Central & Western Michigan	140	64	36	0	47	77
<u>CUTOVER AND OZARK AREA</u>						
Michigan Cutover	53	83	17	0	42	75
Missouri Ozark	75	63	37	0	50	70
<u>MISSOURI-ILLINOIS COTTON AREA</u>						
	25	20	80	0	16	31
<u>REGIONAL TOTAL</u>	2505	54	45	1	43	68

1/ Includes purchase contracts.

the Cotton Area show an increase in the proportion of cash purchases over last quarter.

The greatest increase in the proportion of cash sales over the second quarter of 1943 has occurred in the Corn Belt Area where 50 percent of the tracts were bought with cash this quarter as compared to 42 percent two years ago.

There has not been as much improvement in the equity of credit financed purchases as there has been in the proportion of cash purchases. Current quarter buyers who have financed their land purchase retain an average equity of 43 percent as compared to 39 percent in the second quarter of 1943 and 40 percent last year.

Buyer's equity in credit financed purchases shows a remarkable degree of uniformity between areas. This would seem to indicate that wherever people buy land on credit, regardless of price, the down-payment is almost standardized as a percentage of the purchase price.

The average per acre indebtedness on credit financed purchases this quarter is above the second quarter of both 1943 and 1944 in all areas except the Corn Belt Fringe Area (Table 12). In the General Farming Area the per acre indebtedness this quarter is higher than any previous quarter. In fact it is equal to the average price of all land sold in that area during the year 1941. In other areas the current quarter per acre indebtedness on credit financed purchases varies from 70 percent of the average price for the year 1941 in the Corn Belt Area to 90 percent in the Dairy Area.

TABLE 12. Per acre indebtedness of total purchases and mortgage financed purchases in the primary types of farming areas, by quarters - 1943 - 45. North Central Region

	: Corn Belt Area :		Dairy Area :		: Corn Belt Fringe:		General Farming :	
	:		:		Area :		Area :	
: Year :	All Pur:	Mtg. Fin.:	All Pur:	Mtg. Fin.:	All Pur:	Mtg. Fin.:	All Pur:	Mtg. Fin.:
:	Dollars							
: 1943								
: 1st Quar.	41	60	28	50	22	32	12	20
: 2nd Quar.	42	59	27	53	19	34	11	20
: 3rd Quar.	33	56	28	55	20	37	9	20
: 4th Quar.	36	60	26	53	20	37	11	21
: 1944								
: 1st Quar.	43	62	31	56	23	38	13	25
: 2nd Quar.	39	61	29	51	23	41	12	26
: 3rd Quar.	29	64	23	48	20	39	11	24
: 4th Quar.	39	65	28	59	22	39	12	25
: 1945								
: 1st Quar.	38	65	30	53	23	41	11	26
: 2nd Quar.	37	63	32	54	22	40	11	27

MORTGAGE FINANCING

The proportion of purchase money mortgages continues relatively low in comparison to other quarters. Thirty-one percent of the credit financed purchases this quarter have been financed by purchase money mortgages (Table 13). This compares with 37 percent in the second quarter of 1943 and 44 percent in the second quarter of last year. The resulting increase in other new mortgages has been almost entirely taken up by commercial banks. Slightly more than $1/3$ of all credit financed purchases this quarter were financed with bank credit. This is considerably higher than any previous quarter and compares with the previous high of 27 percent last quarter.

The proportion of loans by other lending agencies and individuals has remained relatively constant over the past year.

For mortgages other than purchase money mortgages commercial banks have provided the bulk of the credit in all areas except the Cotton Area. In the Dairy Area, the General Farming Area and the Cutover and Ozark Area banks have provided the credit for more purchases than any other credit source.

The most common interest rate for mortgage loans has returned to 5 percent (Table 14) after dropping to 4 percent last quarter. ^{1/} However, there is still a higher proportion of loans carrying a loan rate of $4\frac{1}{2}\%$ or less than in any previous quarter except last quarter. More than half of the loans by commercial banks, which are increasing in importance as a source of mortgage credit, carry a loan rate of 5 percent or higher. All of the new mortgage loans by insurance companies have a loan rate of less than 5 percent.

^{1/} Sample counties used in the study of mortgage terms are Logan and Knox, Illinois; Adams, Knox, Newton, Noble, Grant and Tippecanoe, Indiana; Clarke, Palo Alto, Fayette, and Story, Iowa; Seneca, Wayne, Darke, Madison and Muskingum, Ohio; Monroe, Missouri; Lenawee, Van Buren and Livingston, Michigan; and Cottonwood, Minnesota.

TABLE 13. Relative extent of use of purchase money mortgages and sources of other new mortgage credit, Second Quarter 1945, North Central Region 1/

Area	:Purchase :	Other new mortgages by				
	: money :		: FLB, :	: Insur- :	: Con- :	
	:mortgages:	Individ-	: LBC :	: ance :	:mercial :	
	: <u>2/</u> :	uals	:& FSA :	: Co. :	: Banks :	: Other
----- Percent -----						
<u>CORN BELT AREA</u>						
Central Indiana-Ohio	12	11	7	11	51	8
Illinois-Indiana Cash Grain	67	11	0	22	0	0
Illinois-Iowa Livestock	5	15	25	5	50	0
Central & Northern Iowa	42	9	9	10	30	0
Western Iowa	21	16	10	42	11	0
<u>DAIRY AREA</u>						
Northeastern Ohio	28	19	5	3	36	9
Lake Michigan	30	26	6	5	31	2
East St. Louis	30	9	0	13	39	9
<u>CORN BELT FRINGE AREA</u>						
Toledo General Farming	18	9	2	8	57	6
Kankakee River	17	12	3	15	53	0
Lower Wabash River	40	14	0	0	43	3
Missouri-Putnam Soils	29	33	13	9	11	5
Iowa-Missouri Pasture	54	4	4	0	21	17
Maryville-Greenfield Livestock	43	11	6	9	31	0
Southern Minnesota	30	23	3	17	27	0
LaCrosse-Dubuque Livestock	50	14	22	7	7	0
<u>GENERAL FARMING AREA</u>						
Southeastern Ohio	31	16	6	0	10	37
Southeastern Indiana	20	5	0	2	56	17
Southwestern Missouri Plains	35	12	8	2	23	20
Central Minnesota-Wisconsin	32	16	0	0	47	5
Red River Valley	0	0	0	50	50	0
Central & Western Michigan	35	25	2	5	33	0
<u>CUTOVER AND OZARK AREA</u>						
Michigan Cutover	20	40	0	0	40	0
Missouri Ozark	16	8	4	0	68	4
<u>MISSOURI-ILLINOIS COTTON AREA</u>						
	75	13	0	6	6	0
REGIONAL TOTAL	31	14	6	10	34	5

1/ Percentages of total number of new mortgages on tracts conveyed.

2/ Includes contracts.

TABLE 14. Proportion of new farm mortgages made at various interest rates, by type of lender, 22 sample counties, Second Quarter, 1945 North Central Region.

Type of Lender	Total Cases (Number)	Percent of total loans of each type of lender by interest rates									
		2%	3%	3½%	4%	4½%	5%	6%	7%	8%	
		Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	
Individuals	131	2	6	2	28	7	38	16	1	0	
Commercial Banks	139	0	1	1	32	9	42	15	0	0	
Insurance Companies	28	0	0	10	61	29	0	0	0	0	
FLB and LBC	52	0	0	0	48	0	52	0	0	0	
Others	33	0	28	0	6	3	39	12	12	0	
TOTAL	383	1	5	1	33	8	39	12	1	0	
Interest rate not given	84										
GRAND TOTAL	467										

Forty-six percent of the new mortgages on credit financed purchases this quarter will mature within five years or less (Table 15). This is the same proportion as a year ago, but slightly less than last quarter. Fifty-eight percent of the loans by commercial banks will mature within five years or less and 96 percent will mature within ten years or less. Only slightly over 1/4 of all the new mortgages run for a period of more than ten years.

TABLE 15. Proportion of new farm mortgages made for various lengths of time, by type of lender, 22 sample counties, Second Quarter, 1945, North Central Region.

Type of Lender	Total Cases (Number)	Length of Mortgage						
		1 year or less	2,3 years	4 years	5 years	6,7,8 years	9 years	Over 10 years
		Percent	Percent	Percent	Percent	Percent	Percent	Percent
Individuals	125	14	19	39	8	14	6	
Commercial Banks	158	13	6	39	10	28	4	
Insurance Companies	43	0	0	0	5	5	90	
FLB and LBC	52	0	0	0	0	13	87	
Others	23	4	0	13	17	18	48	
TOTAL	401	10	8	28	8	19	27	
Length of mortgage not given	66							
GRAND TOTAL	467							

Almost 3/4 of all new mortgages carry some plan of amortized payments (Table 16). Forty-five percent of the new mortgages can be completely repaid in installments and an additional 29 percent call for reduction of the principal before maturity by amortized payments. Insurance companies have a higher proportion of fully amortized loans than previous quarters. Individuals and commercial banks, the two largest sources of credit, provide the least opportunity for amortized payment of loans. The value of amortization may be questioned when applied to short time real estate loans because of the large periodic payments required.

TABLE 16. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 22 sample counties, Second Quarter, 1945, North Central Region.

Type of Lender	Percent of total mortgages			
	Total	Fully	Partially	Not
	Cases (Number)	Amortized	Amortized	Amortized
		Percent		
Individuals	126	24	33	43
Commercial Banks	165	30	41	29
Insurance Companies	43	56	30	14
FLB and LBC	52	100	0	0
Others	39	92	3	5
TOTAL	425	45	29	26
Method of repayment not given	42			
GRAND TOTAL	467			

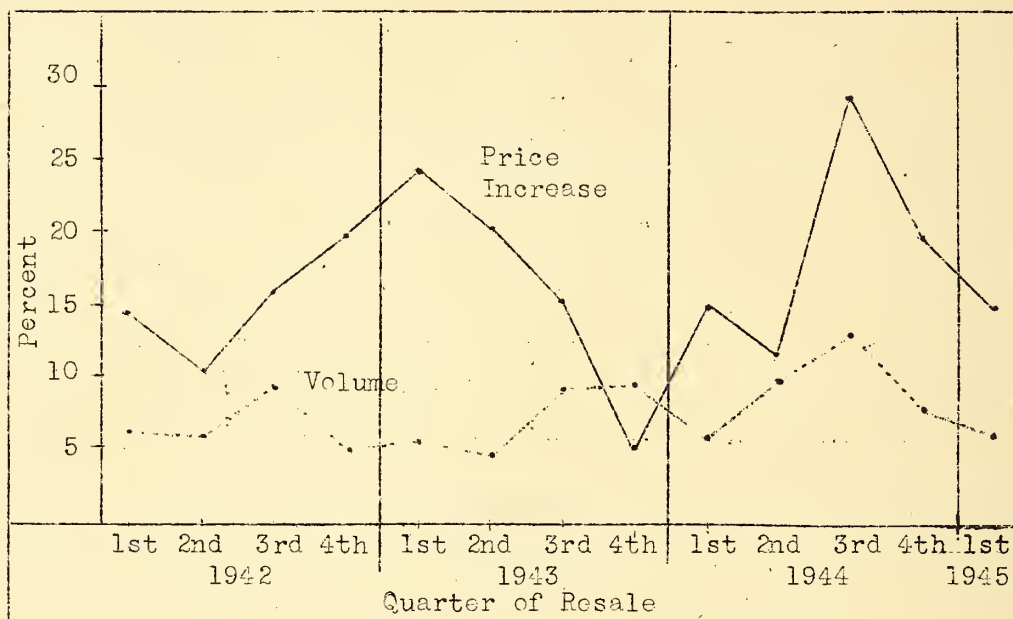
RESALE

The proportion of total sales in the first quarter of the current year which were resales of land held a year or less stand at the same level as the first quarter of 1944. ^{1/} Resales of tracts held one year or less were 5.7 percent of the total first quarter sales (Fig. 2).

There does not seem to be any very well defined trend in the proportion of these quick resales, however, there were a considerably higher percentage of these resales in 1944 than in either 1942 or 1943. In 1942 6.3 percent of all sales were resales of land held one year or less, 6.1 percent in 1943 and 7.7 percent in 1944.

^{1/} See Table 17 for counties used in the study of Resales.

FIGURE 2. Percent of total quarter sales resold within a year, and the average percent increase in price, by quarter of resale. ^{2/}



The average gross profit on the resale of tracts held for a year or less, was 14.8 percent for those tracts resold in the first quarter of this year. The gross profit on these resales has been subject to extreme variations over the past quarters, probably due to the small number of cases and occasional sales involving large sums. The yearly average gross profit presents a more uniform picture but again there is no apparent trend except that in 1944 a larger profit was realized than in either 1942 or 1943. The average gross profit in 1942 was 15.2 percent, for 1943-14.8 percent, and for 1944-16.1 percent.

The resale of tracts held two years or less accounted for 10.6 percent of the first quarter 1945 transfers (Table 17). This is the smallest proportion of these resales since the first quarter of last year when 9.9 percent of the transfers were resales of tracts held two years or less. The gross profit on these resales was 16.8 percent as compared to 21.7 percent a year ago.

^{2/} Legal descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once. Purchase and sale prices were used in determining the change in price or gross profit to the seller.

Number and percentage of First Quarter 1945 sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

[illegible]

1/ It will be noted that the table is based on First Quarter transfers.

OUTLOOK

Although both the European and the Japanese Wars are over it is doubtful if any marked reactions will be apparent in the next quarter. It may be possible that the shock of readjustment will result in a smaller price rise than in past quarters, but any major influence of the war's end will probably not appear until the first quarter of next year.

Since the current quarter shows the smallest decline in the volume of transfers since the drop began in the second quarter of last year it appears likely that the volume of sales will tend to level off during the next two quarters.

There is some indication that the proportion of credit financed purchases have reached their lowest point and future quarters may show a higher proportion of these purchases.

It seems almost certain that with a continued rise in land prices and an increasing demand for credit, commercial banks will continue to increase in importance as a source of mortgage credit.

APPENDIX

Major Land Value Areas and Sample Counties

Corn Belt Area

Central Indiana-Ohio
Grant Co., Ind.
Rush Co., Ind.
Tippecanoe Co., Ind.
Darke Co., Ohio
Madison Co., Ohio

Illinois-Indiana Cash Grain
Logan Co., Ill.
*Champaign Co., Ill.
Livingston Co., Ill.

Illinois-Iowa Livestock
Knox Co., Ill.
*Ogle Co., Ill.
Cedar Co., Iowa

Central & Northern Iowa
Benton Co., Iowa
Cerro Gordo Co., Iowa
Palo Alto Co., Iowa
Story Co., Iowa

Western Iowa
Crawford Co., Iowa
Montgomery Co., Iowa

Dairy Area

Northeastern Ohio
Medina Co., Ohio
Wayne Co., Ohio

Lake Michigan
Brown Co., Wis.
Jefferson Co., Wis.
*McHenry Co., Ill.
Porter Co., Ind.
Van Buren Co., Mich.

East St. Louis
Clinton Co., Ill.
Macoupin Co., Ill.

Corn Belt Fringe Area

Toledo Gen. Farming
Adams Co., Ind.
Putnam Co., Ohio
Seneca Co., Ohio
Lenawee Co., Mich.

Kankakee River
Newton Co., Ind.
Noble Co., Ind.

Lower Wabash
Parke Co., Ind.
Knox Co., Ind.

Missouri-Putnam
Audrain Co., Mo.
Monroe Co., Mo.

Iowa-Missouri Pasture
Clarke Co., Iowa
Harrison Co., Mo.

Maryville-Greenfield
Nodaway Co., Mo.
Adair Co., Iowa

Southern Minnesota
Cottonwood Co., Minn.
McLeod Co., Minn.
Steele Co., Minn.

LaCrosse-Dubuque
Fayette Co., Iowa
*Lafayette Co., Wis.
Winona Co., Minn.

General Farming Area

Southeastern Ohio
Muskingum Co., Ohio
Pike Co., Ohio

Southeastern Indiana
Jennings Co., Ind.
Ripley Co., Ind.

Southwestern Mo. Plains
Johnson Co., Mo.
Lawrence Co., Mo.

Central Minn.-Wisconsin
Barron Co., Wis.
*Morrison Co., Minn.

Red River Valley
*Stevens Co., Minn.
Norman Co., Minn.

Central & Western Mich.
Livingston Co., Mich.
Gratiot Co., Mich.

Cutover and Ozark Area

Michigan Cutover
(Lower Peninsula)
Emmet Co., Mich.
Ogemaw Co., Mich.

Missouri Ozark
Laclede Co., Mo.

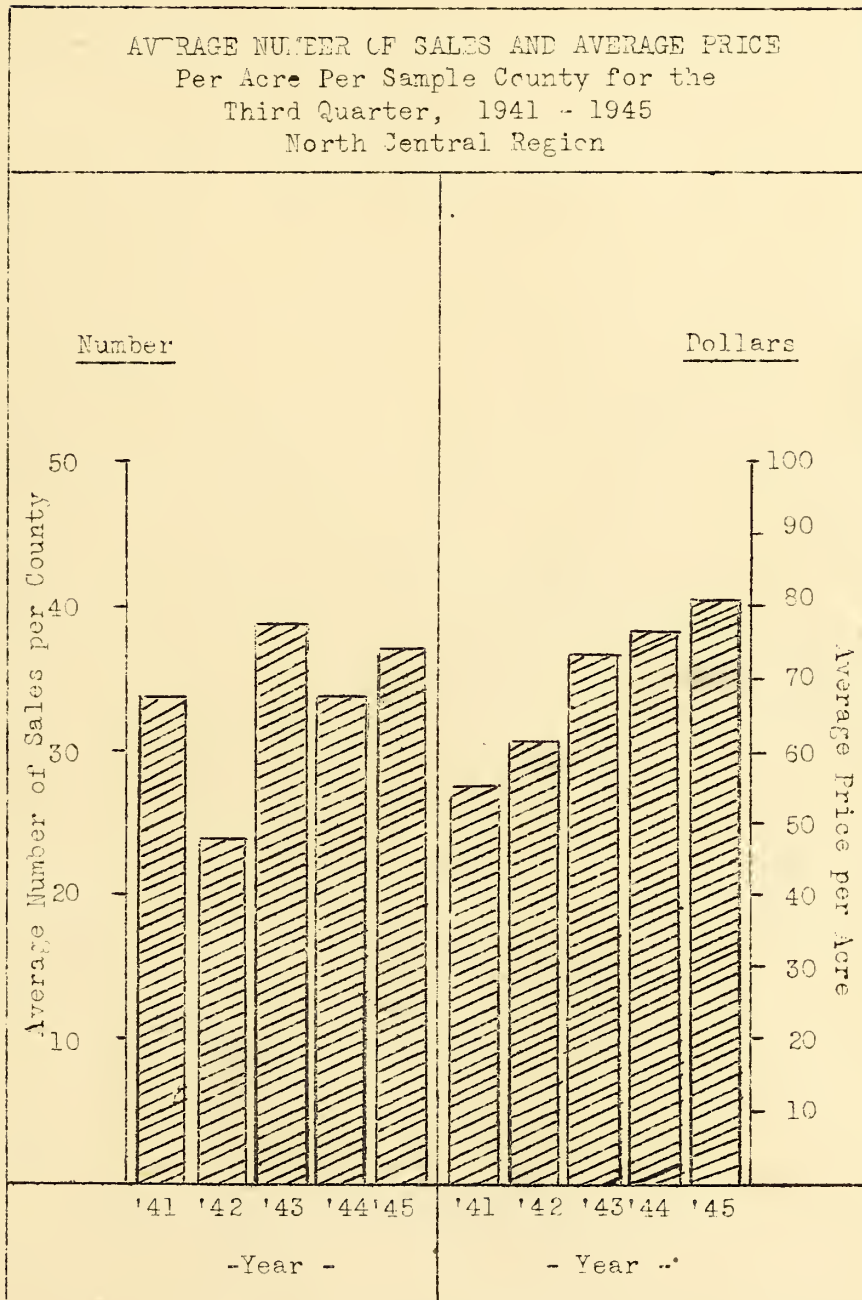
Cotton Area
Pemiscot Co., Mo.

*Omitted this quarter

UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

LAND MARKET SURVEY IN THE
NORTH CENTRAL REGION

Third Quarter 1945



By
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Agricultural Economist
Milwaukee, Wisconsin
November 1945

SUMMARY

VOLUME: The downward trend in number of transfers has been reversed. For the first time since the first quarter of last year the number of transfers has been larger than comparable quarters of the preceding year. There were 9 percent more tracts transferred in the current quarter than a year ago. The General Farming Area is the only area where the volume of transfers is less than a year ago.

PURCHASES: Sixty-two percent of the tracts transferred were purchased by farmers which is the smallest proportion of farmer purchases since the third quarter of 1943. The proportion of non-farmer buyers who indicate intent to operate the land purchased has increased almost continually and is higher this quarter than any previous quarter.

SELLERS: Only 8 percent of the tracts transferred in the current quarter were sold by corporations which is a new low for sales by this group. Individuals sold 76 percent of the tracts transferred this quarter as compared to 71 percent last quarter and 72 percent a year ago. A somewhat smaller proportion of owner-operators who sold land in the current quarter plan to continue farming than in previous quarters.

PRICES: The average selling price of land this quarter is 5 percent higher than a year ago. The greatest increase occurred in the General Farming Area. There was no change in the average selling price of land in the Corn Belt Area and the price in the Cutover and Ozark Area has declined slightly.

BUYER'S EQUITY: The purchase of 44 percent of the tracts transferred this quarter has been credit financed as compared to 41 percent a year ago. This is the first quarter that the proportion of credit financed purchases has been above comparable quarters of preceding years. Buyers who financed their current quarter land purchase retain an average equity of 44 percent as compared to 39 percent a year ago. The average debt per acre on credit financed purchases in the General Farming Area is as high as the average selling price of land in that area in the third quarter of 1942.

MORTGAGE FINANCING: Sellers provided credit for 35 percent of the current quarter purchases financed by new mortgages. The proportion of credit purchases financed by bank credit has risen from 21 percent in the third quarter of 1942 to 24 percent a year ago and 28 percent in this quarter. A smaller proportion of loans have an interest rate of 4 percent or less than either last quarter or a year ago. Fifty-seven percent of the new mortgage loans will mature within five years or less. The proportion of loans fully or partly amortized is about the same as other quarters.

RESALES: Almost 10 percent - 9.3 percent - of the second quarter sales were resales of tracts held one year or less which is about the same proportion as a year ago but somewhat higher than either the second quarter of 1942 or 1943. The average gross profit on these quick resales in the second quarter was almost 20 percent.

OUTLOOK: The closing of the Pacific war may be expected to increase the volume of transfers next quarter. The increased volume of transfers at higher prices indicates a demand which is likely to result in a continued rise in land prices. A continued rise in land prices with probably smaller incomes is likely to result in a continued increase in financed purchases.

Introduction

Post-war, the subject of voluminous writings and endless discussions has suddenly settled upon us. A mingling of hopes, fears and uncertainties are associated with this period principally because of past experience and impending readjustment.

Inflation in the years immediately following the close of World War I aggravated considerably the economic distress of the 30's. Such need not be the case this time if it is realized and assumed that we must return, economically at least, to a basis more closely to normal. To most of us this will mean a smaller net income.

The situation we are facing in respect to the land market and inflation in general is very well pictured in the following quotation; ".....if the post-war period is one of high industrial activity and sustained high farm income, farmers may be inclined to overlook impending readjustments that will be necessary as wartime demand and price supports, which were extended into the immediate post-war period expire. This attitude may lead to further expansion of agricultural facilities after the fighting ceases, accompanied by rising physical inventories, rising debt, and falling cash assets. In a situation of this kind, a land boom and a feverish reaching for manufactured goods at excessive prices could easily develop." 3/

The Steagall amendment provides that agricultural prices shall be supported at 90 percent of parity for a period of two years after the official end of the war. There is reason to believe that it may be difficult to move all of our present high agricultural production at prices 90 percent of parity.

At present, agricultural prices average 119 percent of parity with most livestock well above this figure and most crops below. 4/ Ninety percent of parity would mean average agricultural prices about 25 percent below present levels. Considerable financial distress and self sacrifice can be avoided if current obligations which must be paid out of future farm income are geared to an income somewhat below present levels.

1/ Assistance in collecting and tabulating the data for this survey was provided by members of the Department of Agricultural Economics in Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio and Wisconsin, and by members of the BAE staff.

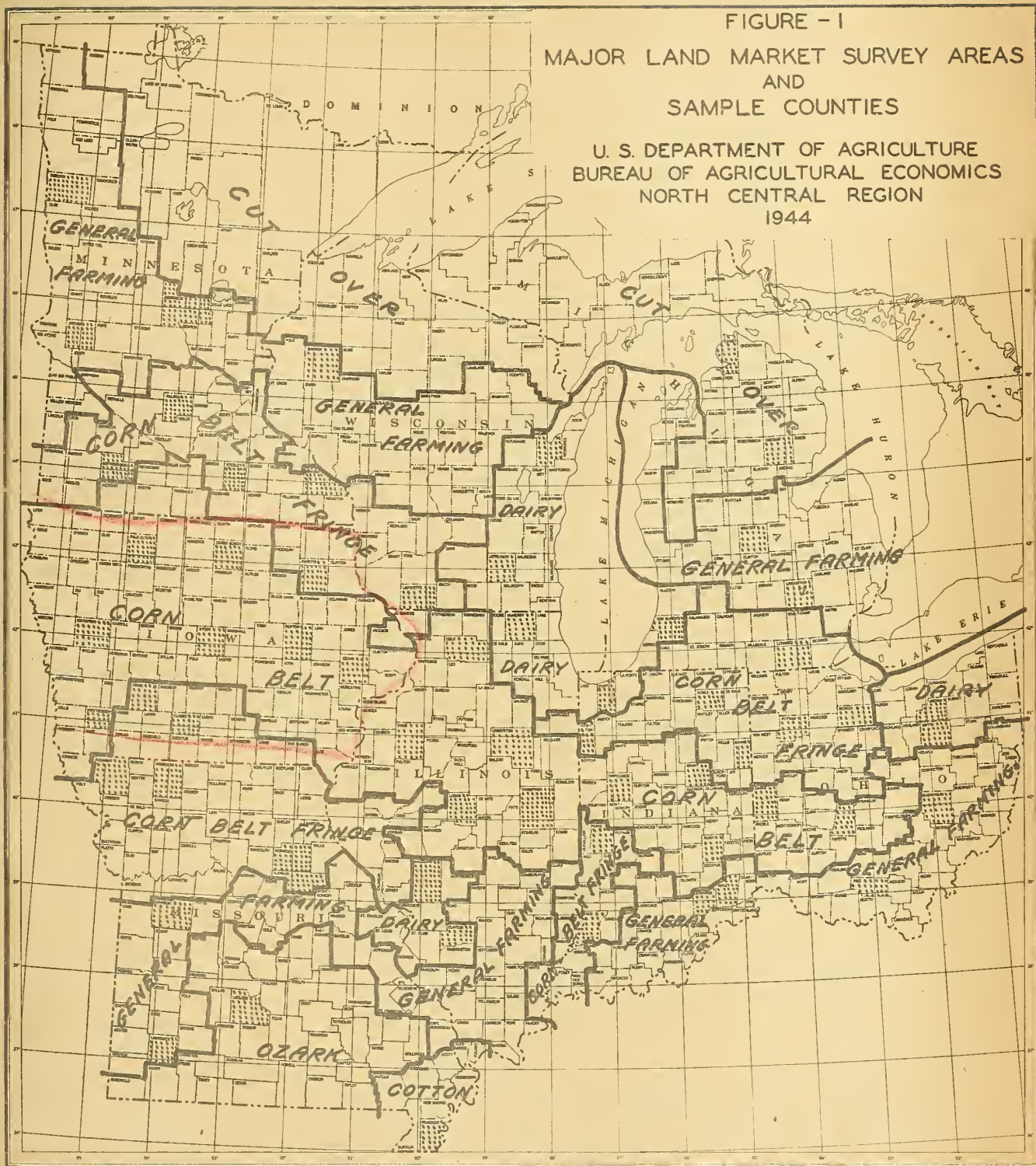
2/ This report is the fifteenth in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only voluntary sales and were obtained from deed and mortgage records in local county recorder's offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.

3/ Impact of The War on The Financial Structure of Agriculture - B A E - Miscellaneous publication No. 567.

4/ Agricultural Prices - B A E - July, 1945.

FIGURE - I
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES

U. S. DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
NORTH CENTRAL REGION
1944





VOLUME

The downward trend in the number of transfers has been reversed. The current quarter is the only quarter since the first quarter of 1944 that the number of transfers has been larger than comparable quarters of the preceding year (Table 1).

TABLE 1. Average Number of Land Transfers per County

Year	Quarter				Yearly Average
	First	Second	Third	Fourth	
1941	47	34	34	43	158
1942	47	30	24	32	133
1943	55	51	39	46	191
1944	75	47	34	42	198
1945	54	44	37		

There were 9 percent more tracts transferred during the present quarter than in the third quarter of last year but 5 percent fewer transfers than in the third quarter of 1943. The rise in number of transfers is about what might have been expected with the ending of the war and the resulting reduction in total employment. Because of the lag from the closing of a land purchase deal to recording, it may be assumed that most of the current rise in number of transfers is due to the ending of the European war.

The current quarter rise in the volume of transfers has affected all of the types of farming areas except the General Farming Area where the total number of tracts transferred is less than a year ago (Table 2).

The greatest increase in volume occurred in the Cotton Area with the Dairy Area following very closely. In the Lake Michigan sub-area of the Dairy Area the volume of transfers is almost double the same period of last year. The Corn Belt Area experienced the smallest rise in volume of transfers. Almost $2\frac{1}{3}$ - 64 percent - of the 53 counties for which data were available this quarter have a larger volume of transfers than a year ago.

PURCHASERS

Farmers purchased 62 percent of the tracts transferred this quarter (Table 3). This is the smallest proportion of purchases by farmers since the third quarter of 1943. As compared with a year ago the rate of increase in the number of purchases by non-farmers is about $2\frac{1}{2}$ times as great as that of purchases by farmers. This would help to explain in part the rise in the current quarter volume of transfers by the close of the European war and efforts of displaced war workers, veterans and others seeking a farm for a home and employment.

Although a smaller proportion of non-farmers have been buying land recently than in 1943 the proportion of these buyers indicating intent to operate the land purchased has increased almost continually and is higher this quarter than any previous quarter.

The Cutover and Ozark Area and the Dairy Area are the only two areas where more than half of the tracts sold have been purchased by non-farmers (Table 4). This may indicate the return of former residents to this area who left for war jobs.

TABLE 2. Average Number of Farm Real Estate Sales per sample county,
Third Quarter 1941-1945 - North Central Region 1/

Area 2/	: No. of : : sample : : Counties : : for 1945 : 1941 3/ : 1942 : 1943 : 1944 : 1945					
	Number					
<u>CORN BELT AREA</u>		27	17	22	16	17
Central Indiana-Ohio	5	31	25	39	28	38
Illinois-Indiana Cash Grain	3	22	20	18	9	15
Illinois-Iowa Livestock	3	23	16	13	14	10
Central and Northern Iowa	4	33	12	18	17	10
Western Iowa	2	16	16	23	9	14
<u>DAIRY AREA</u>		57	29	48	36	56
Northeastern Ohio	2	44	28	57	51	76
Lake Michigan	5	66	32	48	31	57
East St. Louis	2	44	22	38	35	26
<u>CORN BELT FRINGE AREA</u>		29	15	30	24	29
Toledo General Farming	4	45	24	39	35	41
Kankakee River	2	31	15	20	21	21
Lower Wabash River	2	17	13	25	39	35
Missouri Putnam Soils	2	39	16	32	33	49
Iowa-Missouri Pasture	2	24	12	32	24	28
Maryville-Greenfield Livestock	2	25	18	44	25	4/
Southern Minnesota	3	20	10	25	13	13
LaCrosse-Dubuque Livestock	3	32	9	24	18	31
<u>GENERAL FARMING AREA</u>		32	35	60	58	54
Southeastern Ohio	2	37	20	62	54	71
Southeastern Indiana	2	22	32	54	46	68
Southwestern Missouri Plains	2	50	34	72	62	58
Central Minnesota-Wisconsin	2	33	51	80	84	55
Red River Valley	2	15	16	14	19	20
Central and Western Michigan	2	33	36	55	44	60
<u>CUTOVER AND OZARK AREA</u>		62	44	70	64	75
Michigan Cutover	2	45	32	37	36	45
Missouri Ozark	1	67	48	80	73	84
<u>MISSOURI-ILLINOIS COTTON AREA</u>	1	27	13	17	9	15
REGIONAL AVERAGE (Total)	62	34	24	39	34	37

- 1/ Deeds dated and recorded within the same quarter for 1942. The 1943 to 1945 numbers include in addition deeds dated in the preceding month but recorded in each quarter. The names of sample counties are given in the Appendix.
- 2/ Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.
- 3/ Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.
- 4/ Not Available.

TABLE 4. Farmers and non-farmers buying farms and their intentions to operate or lease to others, Third Quarter 1945, North Central Region

Area	: Total : : Transfers : : Classified :	Farmers		Non-Farmers	
		To : operate :	To lease : to others :	To : operate :	To lease : to others :
	(Number)	Percent			
<u>CORN BELT AREA</u>	183	50	15	6	29
Central Indiana-Ohio	147	56	7	9	28
Illinois-Indiana Cash Grain	16	44	19	18	19
Illinois-Iowa Livestock	3	34	33	0	33
Central and Northern Iowa	8	50	12	0	38
Western Iowa	9	78	0	11	11
<u>DAIRY AREA</u>	145	43	5	35	17
Northeastern Ohio	29	48	3	35	14
Lake Michigan	86	38	6	40	16
East St. Louis	30	57	3	17	23
<u>CORN BELT FRINGE AREA</u>	241	60	4	16	20
Toledo General Farming	61	56	8	7	29
Kankakee River	37	54	3	16	27
Lower Wabash River	32	44	6	31	19
Missouri Putnam Soils	61	57	5	15	23
Iowa-Missouri Pasture	17	65	5	24	6
Maryville-Greenfield Livestock	1/				
Southern Minnesota	14	79	0	7	14
LaCrosse-Dubuque Livestock	19	48	5	21	26
<u>GENERAL FARMING AREA</u>	218	57	7	22	14
Southeastern Ohio	60	57	2	23	18
Southeastern Indiana	66	39	5	29	27
Southwestern Missouri Plains	34	62	6	23	9
Central Minnesota-Wisconsin	23	52	13	26	9
Red River Valley	11	55	9	9	27
Central and Western Michigan	24	67	0	21	12
<u>CUTOVER AND OZARK AREA</u>	34	48	0	45	7
Michigan Cutover	11	36	0	64	0
Missouri Ozark	23	52	0	39	9
<u>MISSOURI-ILLINOIS COTTON AREA</u>	10	60	0	0	40
<u>REGIONAL TOTAL</u>	831	54	8	18	20

1/ Not Available.

TABLE 3. Distribution of Farm Land Purchases by Occupation and Intent of Purchaser

	Farmers		Non-Farmers	
Year	To operate	To lease to others	To operate	To lease to others
	Percent			
1943				
1st Quarter	60	7	8	25
2nd Quarter	54	7	10	29
3rd Quarter	48	7	11	34
4th Quarter	62	10	10	18
1944				
1st Quarter	66	8	11	15
2nd Quarter	61	7	11	21
3rd Quarter	57	8	14	21
4th Quarter	58	6	16	20
1945				
1st Quarter	60	8	11	21
2nd Quarter	59	6	16	19
3rd Quarter	54	8	18	20

It is the first time non-farmers have purchased 50 percent or more of the tracts in the Dairy Area and is probably explained by the proximity of this area to industrial centers.

Only in the Cotton Area and the Corn Belt Area do non-farmer buyers seem to be purchasing land primarily for investment purposes. However, in the Corn Belt Area a considerably higher proportion of farmers appear to be buying land for investment purposes. A smaller proportion of farmer buyers in this area intend to operate the land purchased than in any other area and the proportion of farmer buyers intending to lease the land purchased is almost twice as great as any previous quarter.

SELLERS

The proportion of sales by corporations and government organizations is the smallest of any previous quarter. Only 8 percent of the current quarter's transfers were sales by this group (Table 5). This compares with 11 percent last quarter and the third quarter of last year. The previous low was 9 percent in the fourth quarter of last year and the first quarter of this year. The Cotton Area and the Corn Belt Area had the largest proportion of these sales.

Seventy-six percent of the sales in the current quarter were made by individuals. Individuals sold 71 percent of the tracts transferred last quarter and 72 percent a year ago. The proportion of sales by owner-operators is about the same as a year ago but slightly lower than the first and second quarters of this year.

Sales by estates continue at about the same proportion. Therefore, we can assume that the current increase in volume has come in about equal proportions from owner-operators and non-farmers.

TABLE 5. Types of Owners selling farms, Third Quarter, 1945
North Central Region

Area	Total transfers	Type of Seller				
		Owner operator	Land- lord	Unclassified individuals	Estates	Corporations and Gov't.
	(Number)			Percent		
<u>CORN BELT AREA</u>	296	10	28	30	21	11
Central Indiana-Ohio	190	25	39	12	23	1
Illinois-Indiana Cash Grain	33	6	43	15	27	9
Illinois-Iowa Livestock	23	0	22	52	22	4
Central and Northern Iowa	38	5	11	47	18	19
Western Iowa	12	25	42	0	17	16
<u>DAIRY AREA</u>	455	14	19	51	14	2
Northeastern Ohio	151	9	7	71	13	0
Lake Michigan	253	17	18	51	11	3
East St. Louis	51	8	39	25	24	4
<u>CORN BELT FRINGE AREA</u>	511	11	27	35	18	9
Toledo General Farming	162	10	23	49	14	4
Kankakee River	41	15	46	2	32	5
Lower Wabash River	69	9	23	36	10	22
Missouri Putnam Soils	97	20	48	17	9	6
Iowa-Missouri Pasture	41	12	32	39	10	7
Maryville-Greenfield Livestock	1/					
Southern Minnesota	40	10	15	35	27	13
LaCrosse-Dubuque Livestock	61	10	21	43	16	10
<u>GENERAL FARMING AREA</u>	585	16	17	48	11	8
Southeastern Ohio	142	19	22	48	10	1
Southeastern Indiana	136	26	26	33	11	4
Southwestern Missouri Plains	116	15	22	49	10	4
Central Minnesota-Wisconsin	48	21	17	44	6	12
Red River Valley	23	9	13	35	26	17
Central and Western Michigan	120	7	14	66	11	2
<u>CUTOVER AND OZARK AREA</u>	173	6	32	54	7	1
Michigan Cutover	89	10	17	64	9	0
Missouri Ozark	84	5	37	51	6	1
<u>MISSOURI-ILLINOIS COTTON AREA</u>	15	47	33	7	0	13
<u>REGIONAL TOTAL</u>	2,035	12	25	39	16	8

1/ Not available.

A somewhat smaller proportion of owner-operators who sold land in the current quarter plan to continue farming than in previous quarters. Forty-seven percent plan to continue farming (Table 6) as compared to 51 percent in the third quarter of 1943 and 1944 and 57 percent in the first and second quarters of this year. About the same proportion as in other quarters plan to retire and a somewhat larger proportion plan to enter other employment.

TABLE 6. Intention of Owner-Operators who recently sold land, sample counties, Third Quarter, 1945. North Central Region.

Area	Total Transfers Classified (Number)	Intent of owner-operators after selling land			
		Continue to Farm	Other Occupations	In Armed Forces	Retire
		Percent			
Corn Belt Area	46	52	33	0	15
Dairy Area	58	49	8	1	42
Corn Belt Fringe Area	54	50	10	0	40
General Farming Area	91	34	12	0	54
Cutover and Ozark Area	12	64	31	0	5
Cotton Area	7	29	28	0	43
REGION	268	47	19	0	34

PRICES

The average price of land sold this quarter was \$81 per acre (Table 7). This marks another rise in land prices and establishes a price only exceeded by the first quarter of the current year. The general trend in land prices is also indicated in the usual price rise from the second to the third quarter which has occurred every year.

TABLE 7. Average Price Per Acre

Year	Quarter				Yearly Average
	First	Second	Third	Fourth	
	Dollars				
1941	53	54	55	59	55
1942	60	58	61	61	59
1943	68	68	73	72	70
1944	76	73	77	78	76
1945	85	78	81		

The average selling price of land this quarter is 5 percent higher than a year ago (Table 8). The greatest increase in average price over the third quarter of last year has occurred in the General Farming Area which is the only area which had a decrease in the volume of transfers for the same period. The Cut-over and Ozark Area is the only area where the average selling price of land is lower than a year ago. In the Corn Belt Area the average price of land is the same as in the third quarter of last year.

Most of the current increase in land prices has occurred in the lower priced land areas. Although about the same proportion of counties with an average price above the regional average increased in price as those below the regional average, the counties with an average price below the regional average show a greater percentage increase in price.

BUYER'S EQUITY

The average debt per acre on credit financed purchases is larger than a year ago in each of the principal types of farming areas of the region except the Corn Belt Fringe Area, and here it is equal to a year ago. (Table 9). In the General Farming Area the average debt per acre on credit financed purchases is higher than any previous quarter. This debt is equal to the average price of all land sold in this area in the third quarter of 1942, and in most of the other areas, would probably equal or exceed the average price of land in 1940.

TABLE 9. Per acre indebtedness of total purchases and mortgages financed purchases in the primary types of farming areas, by quarters - 1943-45. North Central Region

	: Corn Belt Area :		: Dairy Area :		: Corn Belt Fringe: Area :		: General Farming: Area :	
:Year	:All Pur:	:Mtg.Fin.:	:All Pur:	:Mtg.Fin.:	:All Pur:	:Mtg.Fin.:	:All Pur:	:Mtg.Fin.:
	-Dollars-							
: 1943								
: 1st.Quar.	41	60	28	50	22	32	12	20
: 2nd.Quar.	42	59	27	53	19	34	11	20
: 3rd.Quar.	33	56	28	55	20	37	9	20
: 4th.Quar.	36	60	26	53	20	37	11	21
: 1944								
: 1st.Quar.	43	62	31	56	23	38	13	25
: 2nd.Quar.	39	61	29	51	23	41	12	26
: 3rd.Quar.	29	64	23	48	20	39	11	24
: 4th.Quar.	39	65	28	59	22	39	12	25
: 1945								
: 1st.Quar.	38	65	30	53	23	41	11	26
: 2nd.Quar.	37	63	32	54	22	40	11	27
: 3rd.Quar.	34	65	27	54	21	39	13	29

TABLE 8.

Average per acre price of farm real estate changing
ownership in sample counties, by areas,
Third Quarter 1941 - 45 North Central Region 1/

Area	Third Quarter					Pct. change
						3rd quarter
	1941 2/	1942	1943	1944	1945	'45 over 3rd quarter '44.
	Dollars					(Percent)
<u>CORN BELT AREA</u>	92	100	118	127	127	0
Central Indiana-Ohio	85	91	96	108	126	+17
Illinois-Indiana Cash Grain	131	143	167	175	185	+ 6
Illinois-Iowa Livestock	68	95	120	128	103	-20
Central and Northern Iowa	91	91	114	126	120	- 5
Western Iowa	81	78	82	81	97	+20
<u>DAIRY AREA</u>	63	68	89	93	98	+ 5
Northeastern Ohio	70	74	94	101	103	+ 2
Lake Michigan	61	70	94	98	102	+ 4
East St. Louis	60	54	66	62	75	+21
<u>CORN BELT FRINGE AREA</u>	50	55	63	65	71	+ 9
Toledo General Farming	72	69	86	103	108	+ 5
Kankakee River	56	57	74	60	62	+ 3
Lower Wabash River	34	47	58	65	73	+12
Missouri Putnam Soils	21	26	33	30	33	+10
Iowa-Missouri Pasture	25	29	38	37	43	+16
Maryville-Greenfield Livestock	52	59	64	55	3/	
Southern Minnesota	56	61	81	80	83	+ 4
LaCrosse-Dubuque Livestock	55	64	48	56	59	+ 5
<u>GENERAL FARMING AREA</u>	26	29	37	39	46	+18
Southeastern Ohio	19	25	26	34	39	+15
Southeastern Indiana	19	22	31	37	36	- 3
Southwestern Missouri Plains	27	28	42	38	44	+16
Central Minnesota-Wisconsin	20	21	28	31	35	+13
Red River Valley	19	21	28	32	40	+25
Central and Western Michigan	48	53	70	64	78	+22
<u>CUTOVER AND OZARK AREA</u>	14	15	17	24	23	- 4
Michigan Cutover	15	17	21	29	33	+14
Missouri Ozark	14	15	16	22	20	- 9
<u>MISSOURI-ILLINOIS COTTON AREA</u>	81	102	155	138	139	+ 1
<u>REGIONAL AVERAGE</u>	55	61	73	77	81	+ 5

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943, 1944 and 1945 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month.

2/ Based on 33 sample counties. Land prices in areas for which 1941 data were not available were calculated on the basis of the 1941-42 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

3/ Not Available.

With the exception of the Cutover and Ozark Area a higher proportion of buyers paid cash in the Corn Belt Area for the land purchased than in any other area of the region (Table 10). A decrease in the proportion of purchases for cash from the third quarter of last year has occurred in all of the areas except the Cutover and Ozark Area and the Cotton Area. The drop in the proportion of purchases for cash in the General Farming Area was only about half as large as in each of the other areas.

The proportion of tracts financed by purchase contracts continues at 1 percent which has been the case for the past several quarters.

Buyers who financed their current quarter land purchase retain an average equity of 44 percent. This is a considerable improvement over 39 percent a year ago but only slightly above the 43 percent last quarter. However, it is the same as the first quarter of this year which was the largest average equity in credit financed purchases attained in this study.

The average equity in credit financed purchases varies from 35 percent in the Cotton Area to 48 percent in the Corn Belt Area and the Cutover and Ozark Area.

All of the areas except the Cutover and Ozark Area have increased the average equity in credit financed purchases over the third quarter of last year with the Corn Belt Area making the greatest increase.

Although average equity in credit financed purchases has increased over a year ago the increase in the proportion of financed purchases has pulled the average equity in total purchases down to nearly the same level as a year ago. Average equity in all property this quarter is 71 percent compared to 70 percent a year ago and 68 percent last quarter.

Purchasers financed 44 percent of the tracts bought this quarter (Table 11). Although this is a slight drop from last quarter it is higher than the third quarter of last year and is the only quarter in which the proportion of credit financed purchases has been higher than comparable quarters of the preceding year. This is further evidence that the downward trend in credit financed purchases which was halted last quarter may now be reversed. The third quarter of last year reported the smallest proportion of credit financed purchases during this study.

TABLE 11. Proportion of tracts financed by mortgage or contracts - North Central Region 1/

Year	Quarter			
	First	Second	Third	Fourth
	Percent			
1942	63	65	52	53
1943	60	52	48	48
1944	53	46	41	44
1945	45	46	44	

1/ Taken from past quarterly land market reports.

TABLE 10. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties North Central Region, Third Quarter, 1945.

Area		Method of Financing			Buyer's Equity	
		Cash			In mort-	In all
		Total	Cash	and	Purchase	gaged
		Transfers	Sales	Mort-	con-	proper-
			gage	tracts	ties	ties
	(Number)				1/	deeded
				Percent		
<u>CORN BELT AREA</u>	296	60	40	0	48	75
Central Indiana-Ohio	190	46	53	1	49	72
Illinois-Indiana Cash Grain	33	70	30	0	50	79
Illinois-Iowa Livestock	23	83	17	0	54	91
Central & Northern Iowa	38	58	42	0	46	71
Western Iowa	12	33	67	0	43	58
<u>DAIRY AREA</u>	455	55	45	0	47	71
Northeastern Ohio	151	49	51	0	47	71
Lake Michigan	253	54	46	0	47	69
East St. Louis	51	69	31	0	46	81
<u>CORN BELT FRINGE AREA</u>	511	48	50	2	42	67
Toledo General Farming	162	49	51	0	47	73
Kankakee River	41	44	56	0	47	71
Lower Wabash River	69	62	38	0	44	71
Missouri Putnam Soils	97	54	46	0	42	64
Iowa-Missouri Pasture	41	56	44	0	46	71
Maryville-Greenfield Livestock 2/						
Southern Minnesota	40	38	62	0	39	60
LaCrosse-Dubuque Livestock	61	49	41	10	34	65
<u>GENERAL FARMING AREA</u>	585	57	41	2	39	70
Southeastern Ohio	142	54	46	0	34	67
Southeastern Indiana	136	57	43	0	45	73
Southwestern Missouri Plains	116	59	41	0	42	74
Central Minnesota-Wisconsin	48	54	42	4	44	69
Red River Valley	23	70	30	0	32	73
Central & Western Michigan	120	56	43	1	38	71
<u>CUTOVER AND OZARK AREA</u>	173	70	30	0	48	80
Michigan Cutover	89	92	8	0	53	93
Missouri Ozark	84	63	37	0	47	76
<u>MISSOURI-ILLINOIS COTTON AREA</u>	15	47	53	0	35	65
<u>REGIONAL TOTAL</u>	2,035	56	43	1	44	71

1/ Includes purchase contracts.

2/ Not Available.

MORTGAGE FINANCING

Sellers provided credit for 35 percent of the current quarter purchases financed by new mortgages (Table 12). This compares with 37 percent a year ago and 40 percent in the third quarter of 1943.

Commercial banks continue to be the principal source of new mortgage credit for other than purchase money mortgages. The increasing importance of bank credit is illustrated by the fact that the proportion of purchases financed by bank credit has risen from 21 percent in the third quarter of 1943 to 24 percent a year ago and 28 percent this quarter.

Individuals were the source of credit for financing 14 percent of the purchases financed by new mortgages as compared with 14 percent last quarter and 13 percent a year ago. There has been no change over the third quarter of last year in the proportion of purchases financed by insurance companies and Federal agencies.

The importance of other less common established lending agencies has been declining in recent quarters except in the General Farming Area and the Cutover Ozark Area.

Half of the new mortgage loans this quarter have a loan rate of 5 percent (Table 13). A smaller proportion of loans have an interest rate of 4 percent or less than either last quarter or a year ago. All the new mortgage loans by insurance companies have a loan rate of 4 1/2 percent or less. Two-thirds of the new mortgages by individuals and commercial banks have a loan rate of 5 percent or more. 1/

TABLE 13. Proportion of new farm land mortgages made at various interest rates, by type of lender, 21 sample counties, Third Quarter, 1945 - North Central Region.

Type of Lender	Total Cases	Percent of total loans of each type of lender by interest rates									
		2%	3%	3½%	4%	4½%	5%	6%	7%	8%	
		(Number) - - - - - Percent - - - - -									
Individuals	108	1	4	2	22	5	55	11	0	0	
Commercial Banks	101	0	0	0	19	14	52	14	1	0	
Insurance Companies	15	0	7	0	80	13	0	0	0	0	
FLB and LBC	17	0	0	0	65	0	35	0	0	0	
Others	36	0	8	0	8	6	58	17	3	0	
TOTAL	277	0	3	1	25	8	50	12	1	0	
Interest rate not given	<u>69</u>										
GRAND TOTAL	346										

1/ Sample counties used in the study of mortgage terms are Logan and Knox, Illinois; Adams, Knox, Newton, Noble, Grant and Tippecanoe, Indiana; Fayette, Palo Alto and Story, Iowa; Wayne, Seneca, Darke, Madison and Muskingum, Ohio; Monroe, Missouri; Lenawee, Livingston and Van Buren, Michigan; and Cottonwood, Minnesota.

TABLE 12. Relative extent of use of purchase money mortgages and sources of other new mortgage credit, Third Quarter 1945, North Central Region 1/

Area	Purchase money mortgages <u>2/</u>	Other new mortgages by					Other
		Individ- uals	FLB : LBO : & FSA	Insur- ance Co.	Com- mercial Banks		
						Percent	
<u>CORN BELT AREA</u>	28	8	17	21	24		2
Central Indiana-Ohio	17	14	4	9	47		9
Illinois-Indiana Cash Grain	50	12	0	25	13		0
Illinois-Iowa Livestock	0	0	33	67	0		0
Central & Northern Iowa	39	0	15	8	38		0
Western Iowa	25	25	50	0	0		0
<u>DAIRY AREA</u>	29	24	5	2	37		3
Northeastern Ohio	25	14	1	0	57		3
Lake Michigan	36	30	2	1	27		4
East St. Louis	9	18	18	9	46		0
<u>CORN BELT FRINGE AREA</u>	44	16	7	4	27		2
Toledo General Farming	23	8	1	2	60		6
Kankakee River	35	10	10	5	35		5
Lower Wabash River	39	6	6	0	44		5
Missouri-Putnam Soils	46	20	8	3	23		0
Iowa-Missouri Pasture	50	17	8	8	17		0
Maryville-Greenfield Livestock <u>3/</u>							
Southern Minnesota	57	17	9	4	13		0
LaCrosse-Dubuque Livestock	50	27	8	4	11		0
<u>GENERAL FARMING AREA</u>	39	15	2	6	27		11
Southeastern Ohio	30	12	2	0	14		42
Southeastern Indiana	21	15	0	0	56		8
Southwestern Missouri Plains	26	21	2	0	41		10
Central Minnesota-Wisconsin	53	6	0	0	35		6
Red River Valley	34	33	0	33	0		0
Central & Western Michigan	36	14	7	5	36		2
<u>CUTOVER AND OZARK AREA</u>	17	13	6	0	43		21
Michigan Cutover	0	40	0	0	60		0
Missouri Ozark	23	4	8	0	38		27
<u>MISSOURI-ILLINOIS COTTON AREA</u>	75	0	0	25	0		0
<u>REGIONAL TOTAL</u>	35	14	8	9	28		6

1/ Percentages of total number of new mortgages on tracts conveyed.

2/ Includes contracts.

3/ Not Available.

Fifty-seven percent of the new mortgages on current quarter purchases will mature within five years or less (Table 14). This is considerably higher than either last quarter or a year ago, but is the same proportion as the fourth quarter of last year. Slightly over two-thirds of the new mortgage loans by commercial banks are due and payable within five years or less and more than four-fifths of the new mortgage loans by individuals mature within five years or less.

TABLE 14. Proportion of new farm mortgages made for various lengths of time, by type of lender, 21 sample counties, Third Quarter, 1945 - North Central Region.

Type of Lender	Length of Mortgage						
	Total	1 year	2,3,	4,5	6,7,8,	9	Over
	Cases	or less	or 4 years	or 5 years	or 9 years	10 years	10 years
	(Number)						
Individuals	96	12	17	40	14	12	5
Commercial Banks	108	13	6	44	5	28	4
Insurance Companies	21	0	0	0	0	38	62
FLB and LBC	16	0	0	12	0	19	69
Other	14	7	14	22	21	7	29
TOTAL	255	11	10	36	8	21	14
Length of Mortgage not given	91						
GRAND TOTAL	346						

Seventy-six percent of the new mortgage loans on credit financed purchases this quarter carry some plan for amortized payment of all or part of the debt (Table 15). A smaller proportion of current quarter mortgages provide for complete amortized payment than a year ago. As usual about one-fourth of the mortgages have no amortization privilege. Individuals and commercial banks are least liberal with amortization privileges. The rise of commercial banks as a source of mortgage credit cannot be explained from the above tables on the basis of mortgage terms but must result in the facility of obtaining credit from this source.

TABLE 15. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 21 sample counties, Third Quarter, 1945 - North Central Region.

Type of Lender	Percent of total mortgages			
	Total	Fully	Partially	Not
	Cases	Amortized	Amortized	Amortized
	(Number)			
Individuals	80	40	21	39
Commercial Banks	93	33	39	28
Insurance Companies	20	35	65	0
FLB and LBC	17	100	0	0
Others	38	87	5	8
TOTAL	248	48	28	24
Method of repayment not given	98			
GRAND TOTAL	346			

RESALE

Almost 10 percent - 9.3 percent - of the tracts sold in the second quarter of this year were resales of tracts bought within the preceding year (Fig.2). This is about the same as a year ago but somewhat higher than in either the second quarter of 1942 or 1943. ^{1/} Sellers of these briefly held tracts realized an average gross profit of almost 20 percent.

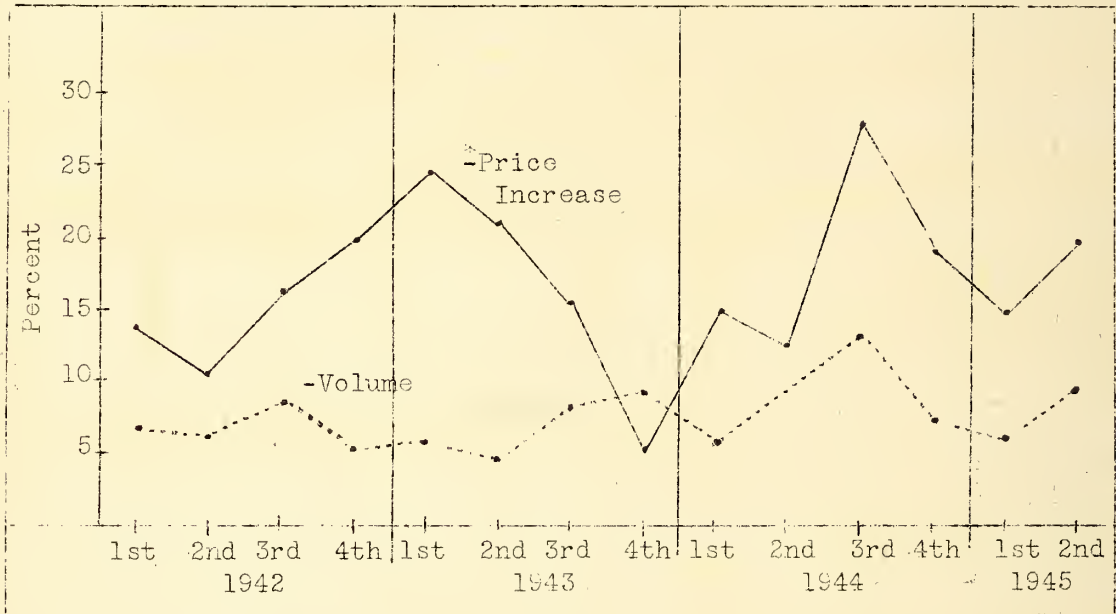


FIGURE 2. Percent of total quarter sales resold within a year, and the average percent increase in price, by quarter of resale. ^{2/}

Fifteen percent of all the tracts transferred in the second quarter of this year were resales of tracts held two years or less (Table 16). In general the majority of the resales are made within the first year after purchase. Almost one-fourth of the second quarter transfers were sales of tracts purchased since December 31, 1940. Sellers of tracts held two years or less realized an average gross profit of 19 percent compared with 15.6 percent in the second quarter of last year.

^{1/} See table 16 for counties used in study of resales.

^{2/} Legal descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once. Purchase and sale prices were used in determining the change in price or gross profit to the seller.

TABLE 16. Number and percentage of Second Quarter 1945 sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

State and County	Number of trans- fers	Number of resales by months between purchase and resale					TOTAL : Resales : to all : sales	Ratio of: held more than : December 31, 1940		Ratio to : all sales	
		Not over: : 6 months:	Over 6 months: : 12 months:	Over 12 months: : 18 months:	Over 18 months: : not over:	Over 18 months: : not over:		Ratio of: held more than : December 31, 1940	Ratio of: held more than : December 31, 1940		
Knox, Illinois	33	1	1	3	0	0	5	15.2%	2	7	21.2%
Fayette, Iowa	25	0	2	1	1	1	4	16.0	4	8	32.0
Cedar, Iowa	32	1	0	1	1	1	3	9.4	1	4	12.5
Audrain, Missouri	45	5	1	3	2	2	11	24.4	7	18	40.0
Putnam, Ohio	48	6	2	0	2	2	10	20.8	0	10	20.8
Rush, Indiana	32	1	0	1	0	0	2	6.3	3	5	15.6
Cottonwood, Minn.	28	0	1	1	0	0	2	7.1	1	3	10.7
Steele, Minn.	12	0	0	1	0	0	1	8.3	1	2	16.7
Jennings, Indiana	63	5	6	1	4	4	16	25.4	8	24	38.1
Nodaway, Missouri	49	1	0	1	1	1	3	6.1	5	8	16.3
Harrison, Missouri	40	5	0	1	1	1	7	17.5	2	9	22.5
Crawford, Iowa*	14	0	1	0	0	0	1	7.1	1	2	14.3
Pemiscot, Missouri	33	2	1	0	0	0	3	9.1	4	7	21.2
TOTAL	454	27	15	14	12	12	68	15.0%	39	107	23.6%
Percentage change in price		+20.0%	+19.8%	+7.1%	+36.8%	+19.0%			+32.7%	+23.8%	
First Quarter 1945 TOTAL	867	25	24	26	17	92		10.6%	68	160	18.5%
Percentage change in price		+8.0%	+24.2%	+13.2%	+26.0%	+16.8%			+43.8%	+24.4%	

1/ It will be noted that the table is based on Second Quarter transfers.

* Incomplete.

OUTLOOK

Association of the current quarter increase in the volume of transfers with the close of the European war indicates that with the ending of the Pacific war we may expect a rise in the volume of transfers next quarter.

The increasing importance of non-farmer buyers in the land market in recent quarters and the fact that much of the current quarter rise in volume of transfers can be attributed to non-farmers, indicates the pressure that may be applied to the land market from this group if unemployment becomes very general.

The increased volume of transfers at higher prices indicates a demand which is likely to result in a continued rise in land prices.

With continued rising land prices and probably smaller incomes, it appears that the increasing proportion of credit financed purchases which began this quarter will continue for the next few quarters.

APPENDIX

Major Land Value Areas and Sample Counties

Corn Belt Area

Central Indiana-Ohio
Grant Co., Ind.
Rush Co., Ind.
Tippecanoe Co., Ind.
Darke Co., Ohio
Madison Co., Ohio

Illinois-Indiana Cash Grain
Logan Co., Ill.
*Champaign Co., Ill.
Livingston Co., Ill.

Illinois-Iowa Livestock
Knox Co., Ill.
*Ogle Co., Ill.
Cedar Co., Iowa

Central & Northern Iowa
Benton Co., Iowa
Cerro Gordo Co., Iowa
Palo Alto Co., Iowa
Story Co., Iowa

Western Iowa
*Crawford Co., Iowa
Montgomery Co., Iowa

Dairy Area

Northeastern Ohio
Medina Co., Ohio
Wayne Co., Ohio

Lake Michigan
Brown Co., Wis.
Jefferson Co., Wis.
*McHenry Co., Ill.
Porter Co., Ind.
Van Buren Co., Mich.

East St. Louis
Clinton Co., Ill.
Macoupin Co., Ill.

Corn Belt Fringe Area

Toledo Gen. Farming
Adams Co., Ind.
Putnam Co., Ohio
Seneca Co., Ohio
Lenawee Co., Mich.

Kankakee River
Newton Co., Ind.
Noble Co., Ind.

Lower Wabash
Parke Co., Ind.
Knox Co., Ind.

Missouri-Putnam
Audrain Co., Mo.
Monroe Co., Mo.

Iowa-Missouri Pasture
*Clarke Co., Iowa
Harrison Co., Mo.

Maryville-Greenfield
*Nodaway Co., Mo.
*Adair Co., Iowa

Southern Minnesota
Cottonwood Co., Minn.
McLeod Co., Minn.
Steele Co., Minn.

LaCrosse-Dubuque
Fayette Co., Iowa
Lafayette Co., Wis.
Winona Co., Minn.

General Farming Area

Southeastern Ohio
Muskingum Co., Ohio
Pike Co., Ohio

Southeastern Indiana
Jennings Co., Ind.
Ripley Co., Ind.

Southwestern Mo. Plains
Johnson Co., Mo.
Lawrence Co., Mo.

Central Minn.-Wisconsin
Barron Co., Wis.
*Morrison Co., Minn.

Red River Valley
*Stevens Co., Minn.
Norman Co., Minn.

Central & Western Mich.
Livingston Co., Mich.
Gratiot Co., Mich.

Cutover and Ozark Area

Michigan Cutover
(Lower Peninsula)
Emmet Co., Mich.
Ogemaw Co., Mich.

Missouri Ozark
Laclede Co., Mo.

Cotton Area

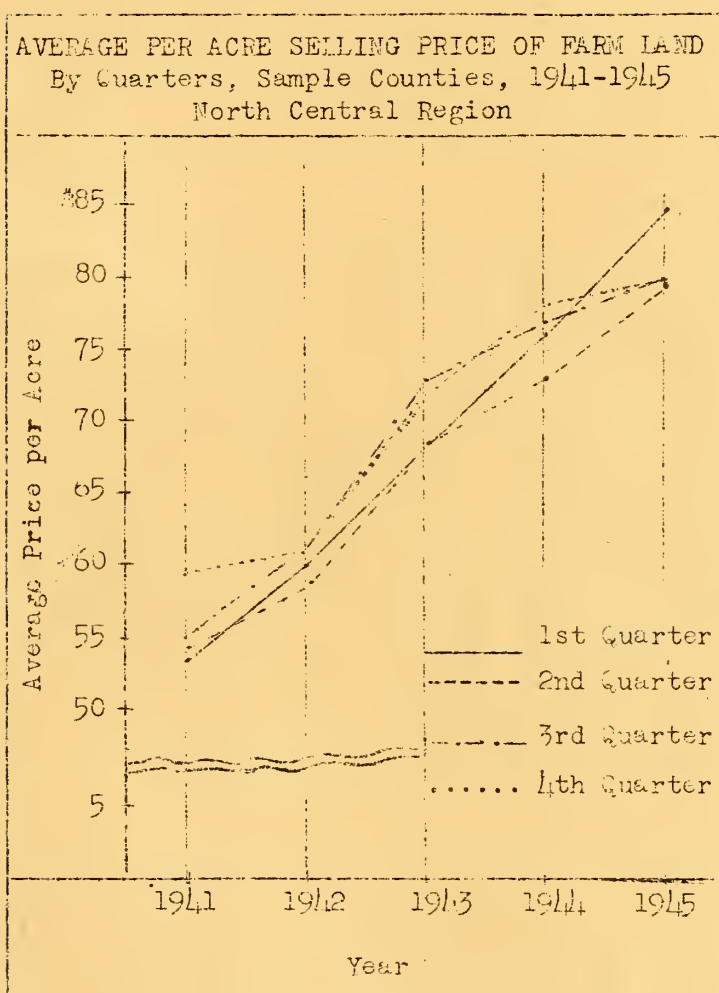
Pemiscot Co. Mo.

*Omitted this quarter

UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

LAND MARKET SURVEY IN THE
NORTH CENTRAL REGION

Fourth Quarter 1945



By
Wilbur C. Scott
Agricultural Economist

Milwaukee, Wisconsin
February 1946

SUMMARY

VOLUME: There were 8 percent fewer tracts transferred in 1945 than in 1944. The number of transfers in the current quarter is 2 percent less than the fourth quarter of last year. There has been a smaller increase from the third to the fourth quarter this year than last year. The Corn Belt Area has the smallest number of transfers of any quarter since the study began.

PURCHASERS: Sixty-one percent of the tracts transferred in the current quarter were purchased by farmers as compared to 62 percent last quarter and 64 percent a year ago. Only in the third quarter of 1943 was a smaller proportion of tracts purchased by farmers. Non-farmers made the heaviest purchases in the Cotton Area and the Dairy Area.

SELLERS: Only 8 percent of the tracts transferred in the current quarter were sold by corporations and government organizations as compared to 9 percent a year ago and 14 percent two years ago. Individuals sold 77 percent of the tracts transferred which is the same as a year ago and compares with 76 percent last quarter. A larger proportion of owner operators selling land this quarter plan to retire than at any time since the third quarter of 1943.

PRICES: The average price of land has risen a dollar an acre over the price of a year ago for an increase of 1 percent. The Cotton Area and the Corn Belt Area are the only areas in which the average price is less than a year ago. The average price of all land sold in 1945 is 8 percent above the 1944 figure and 49 percent above 1941. The rise in land prices since 1941 has varied from 47 percent in the Corn Belt Area to 74 percent in the Cotton Area.

BUYER'S EQUITY: Mortgage debt per acre on credit financed purchases has reached a new peak in the Dairy Area and the Corn Belt Fringe Area. The average debt in these areas is 95% and 88% respectively of the average price of all land sold in 1941. Buyers who financed their current quarter land purchase retain an average equity of 44 percent. The average equity in all purchases is the lowest since the second quarter of last year. For the second successive quarter the proportion of credit financed purchases has been higher than comparable quarters of the preceding year.

MORTGAGE FINANCING: Commercial banks are becoming more important as a source of mortgage credit for new mortgages and provide the bulk of mortgage credit in all areas except the Cotton Area and the Corn Belt Area where the seller is the principal source of credit. The average interest rate is somewhat lower than a year ago. Slightly more than half the mortgage loans made this quarter must be repaid within five years or less. A higher proportion of loans provide some form of amortized payments than any previous quarter.

RESALES: Resales of tracts purchased during the preceding year accounted for 8.2 percent of the tracts transferred in the third quarter of this year as compared to 12.9 percent a year ago. Almost 23 percent of the third quarter transfers were resales of tracts purchased since the first of January 1941.

OUTLOOK: It appears likely that there will be a smaller number of transfers next quarter than in the first quarter of this year. Land prices are expected to continue to rise but at a slower rate. There is every indication that the proportion of credit financed purchases will continue to increase. Retirement of owner operators after sale of their land is also expected to increase next quarter.

LAND MARKET SURVEY 1/

Fourth Quarter, 1945. 2/

Introduction

It is almost certain that the spread between cost^{1/} of production and market prices for farm products will be narrowed with smaller profits to the farmer during the next year or two. Post-war readjustment in industry is at its peak. Demands and counter demands are being made by labor and industry. It is generally expected that the result will be a compromise, with labor receiving a wage rate increase somewhat smaller than requested and industry a slight increase in product price. This will mean that the new equipment, repairs, fencing, building materials, etc. that the farmer must buy will cost more than previously.

Present estimates are that farm income in 1946 may decline as much as 15 percent from 1945.^{3/} Those persons who have assumed a heavy mortgage debt on land may find it increasingly difficult to meet their principle and interest payments especially with the high proportion of short term mortgages.

Since the official end of hostilities was not declared before January 1, 1946, farmers have gained an additional year of prices guaranteed at 90 percent of parity. But at present price levels even with 90 percent of parity, net farm income could decline an additional 10 percent below the 1946 estimate.

If we are to have a lower net farm income, mortgage indebtedness on present and future credit financed land purchases should be reduced if serious financial distress in agriculture is to be avoided.

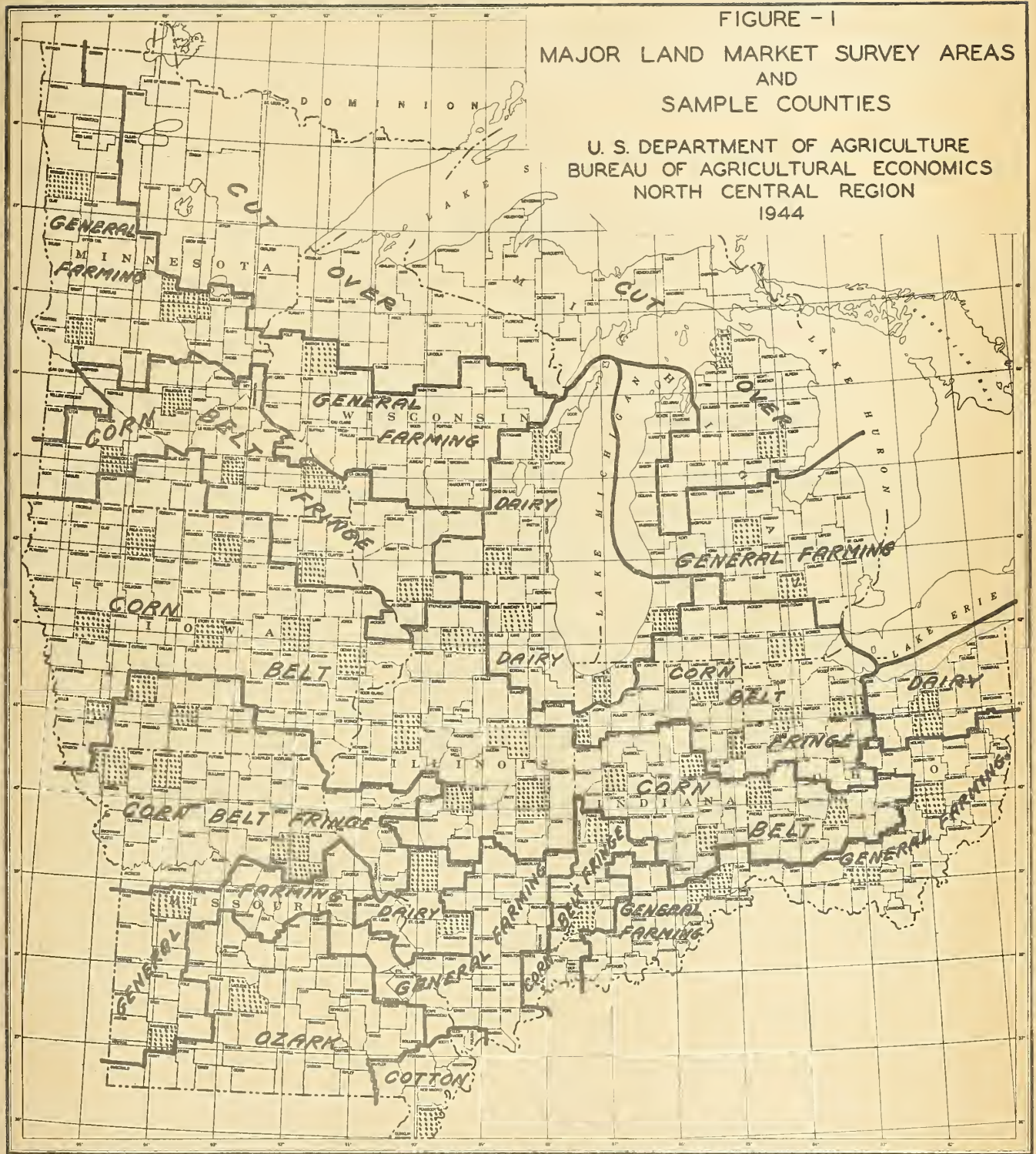
1/ Assistance in collecting and tabulating the data for this survey was provided by members of the Department of Agricultural Economics in Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio and Wisconsin, and by members of the BAE staff.

2/ This report is the sixteenth in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only voluntary sales and were obtained from deed and mortgage records in local county recorder's offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.

3/ The Farm Income Situation - BAE - October, 1945.

FIGURE - I
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES

U. S. DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
NORTH CENTRAL REGION
1944



VOLUME

The current quarter indicates a slight drop in the number of transfers from the fourth quarter of last year. There were fewer land transfers in the fourth quarter of 1945 than any year since 1942. However, the usual seasonal trend has resulted in a slightly larger number of transfers than the third quarter. The total volume of transfers for 1945 is smaller than the number in either 1943 or 1944 (Table 1).

TABLE 1. Average Number of Land Transfers per County

Year	Quarter				Yearly Average
	First	Second	Third	Fourth	
1941	47	34	34	43	158
1942	47	30	24	32	133
1943	55	51	39	46	191
1944	75	47	34	42	198
1945	57	45	39	41	182

There were 2 percent fewer tracts transferred in the current quarter than a year ago and 11 percent less than in the fourth quarter of 1943. There has been a smaller increase from the third to the fourth quarter this year than last year. Even though the volume in 1945 is 8 percent below last year it is still above either 1941 or 1942 and markedly above prewar years.

The Cutover and Ozark Area and the Dairy Area are the only areas where the volume of transfers has shown an increase over the fourth quarter of last year (Table 2). With the exception of the Cotton Area, the Corn Belt Area had the greatest decline in volume of transfers. The Corn Belt Area has the smallest number of any quarter, since the study began.

There is some indication that the better land of the region is not being offered for sale at least at the present prices. Only 40 percent of the counties with a higher than average price showed an increase in the number of transfers over a year ago as compared to 55 percent of those counties with a lower than average price. The net result was a 2 percent decline in the number of transfers for those counties above the regional average and a 3 percent increase for those counties below the regional average.

TABLE 2. Average Number of Farm Real Estate Sales per sample county,
Fourth Quarter 1941-1945 - North Central Region 1/

Area <u>2/</u>	No. of sample Counties for 1945	Fourth Quarter				
		1941 <u>3/</u>	1942	1943	1944	1945
		- - - - -Number - - - - -				
<u>CORN BELT AREA</u>						
Central Indiana-Ohio	17	30	17	22	18	15
Illinois-Indiana Cash Grain	5	32	30	50	33	36
Illinois-Iowa Livestock	3	29	19	15	14	11
Central and Northern Iowa	3	31	16	20	19	16
Western Iowa	4	31	11	15	12	6
	2	24	9	13	16	13
<u>DAIRY AREA</u>						
Northeastern Ohio	9	55	35	57	53	54
Lake Michigan	2	48	42	53	54	76
East St. Louis	5	60	38	64	56	51
	2	47	18	39	38	35
<u>CORN BELT FRINGE AREA</u>						
Toledo General Farming	20	30	26	40	32	31
Kankakee River	4	26	39	49	39	40
Lower Wabash River	2	22	21	22	20	20
Missouri Putnam Soils	2	19	29	60	40	40
Iowa-Missouri Pasture	2	48	28	61	42	50
Maryville-Greenfield Livestock	2	51	34	38	31	37
Southern Minnesota	2	42	18	42	30	28
LaCrosse-Dubuque Livestock	3	19	16	29	32	24
	3	25	23	33	23	23
<u>GENERAL FARMING AREA</u>						
Southeastern Ohio	12	50	43	71	66	65
Southeastern Indiana	2	35	30	43	58	57
Southwestern Missouri Plains	2	22	30	75	66	81
Central Minnesota-Wisconsin	2	65	54	83	68	51
Red River Valley	2	55	48	99	85	81
Central and Western Michigan	2	31	27	37	41	38
	2	64	56	65	56	69
<u>CUTOVER AND OZARK AREA</u>						
Michigan Cutover	3	108	80	74	79	97
Missouri Ozark	2	32	24	36	35	42
	1	132	98	86	93	114
<u>MISSOURI-ILLINOIS COTTON AREA</u>						
	1	87	42	52	58	39
<u>REGIONAL AVERAGE</u> (Total)	62	43	32	46	42	41

1/ Deeds dated and recorded within the same quarter for 1942. The 1943 to 1945 numbers include in addition deeds dated in the preceding month but recorded in each quarter. The names of sample counties are given in the Appendix.

2/ Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.

3/ Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

PURCHASES

Sixty-one percent of the tracts transferred in the current quarter were purchased by farmers (Table 3). Only in the third quarter of 1943 was a smaller proportion of tracts purchased by farmers. In recent quarters an increasing proportion of non-farmers have been buying land with the intentions of operating but the current quarter indicates a turn in the opposite direction.

TABLE 3. Distribution of Farm Land Purchases by Occupation and Intent of Purchaser

Year	Farmers		Non-Farmers	
	: To lease :		: To lease :	
	To operate	to others	To operate	to others
	Percent			
1943				
1st Quarter	60	7	8	25
2nd Quarter	54	7	10	29
3rd Quarter	48	7	11	34
4th Quarter	62	10	10	18
1944				
1st Quarter	66	8	11	15
2nd Quarter	61	7	11	21
3rd Quarter	57	8	14	21
4th Quarter	58	6	16	20
1945				
1st Quarter	60	8	11	21
2nd Quarter	59	6	16	19
3rd Quarter	54	8	18	20
4th Quarter	56	5	16	23

Non-farmers made the heaviest purchases in the Cotton Area and the Dairy Area (Table 4). More than half of them who bought land in the Dairy Area, General Farming Area and the Cutover and Ozark Area have indicated intent to operate their land. Farmers made the greatest proportion of purchases in the Corn Belt Fringe Area where 68 percent of the tracts were purchased by farmers. The heaviest proportion of purchases for investment purposes were made in the Corn Belt Area and the Cotton Area.

TABLE 4. Farmers and non-farmers buying farms and their intentions to operate or lease to others, Fourth Quarter 1945, North Central Region

Area	Total	Farmers		Non-Farmers	
	transfers	To	To lease	To	To lease
	classified	operate	to others	operate	to others
	(Number)	Percent			
<u>CORN BELT AREA</u>	164	50	8	6	36
Central Indiana-Ohio	123	64	8	11	17
Illinois-Indiana Cash Grain	9	33	0	0	67
Illinois-Iowa Livestock	10	30	10	20	40
Central and Northern Iowa	8	63	12	0	25
Western Iowa	14	50	7	0	43
<u>DAIRY AREA</u>	173	46	4	26	24
Northeastern Ohio	35	48	3	23	26
Lake Michigan	115	40	4	32	24
East St. Louis	23	65	4	9	22
<u>CORN BELT FRINGE AREA</u>	262	63	5	12	20
Toledo General Farming	53	55	2	19	24
Kankakee River	36	61	0	11	28
Lower Wabash River	30	60	7	16	17
Missouri Putnam Soils	44	68	5	16	11
Iowa-Missouri Pasture	20	70	0	15	15
Maryville-Greenfield Livestock	10	70	10	0	20
Southern Minnesota	32	59	12	13	16
LaCrosse-Dubuque Livestock	37	68	0	5	27
<u>GENERAL FARMING AREA</u>	201	61	3	23	13
Southeastern Ohio	43	60	0	21	19
Southeastern Indiana	40	40	2	38	20
Southwestern Missouri Plains	10	40	0	50	10
Central Minnesota-Wisconsin	74	66	5	23	6
Red River Valley	34	68	6	6	20
Central and Western Michigan*					
<u>CUTOVER AND OZARK AREA</u>	36	50	3	31	16
Michigan Cutover*					
Missouri Ozark	36	50	3	31	16
<u>MISSOURI-ILLINOIS COTTON AREA</u>	8	25	12	13	50
<u>REGIONAL TOTAL</u>	844	56	5	16	23

* Omitted - Insufficient Data

SELLERS

The proportion of sales by corporations and government organizations continues to decline. Only 8 percent of the tracts transferred in the current quarter were sold by this group (Table 5) as compared to 9 percent a year ago, and 14 percent two years ago. The proportion is the same as last quarter which was the smallest of any previous quarter of the study.

Individuals sold 77 percent of the tracts transferred which is the same as a year ago and compares with 76 percent last quarter. However, there has been a slightly higher proportion of sales by owner-operators in the current quarter than either last quarter or a year ago.

The proportion of sales by estates has not changed appreciably in the past year. Fifteen percent of the transfers in the current quarter were sales by estates as compared to 16 percent last quarter and 14 percent a year ago.

As usual owner-operators who sold land in the current quarter are principally going to continue farming (Table 6). Twelve percent intend to enter some other occupation and 37 percent - the largest proportion since the thir quarter of 1943 - plan to retire. This is generally true in all the areas but is particularly true in the Corn Belt Area where a larger proportion of owner-operators who sold land plan to retire than any quarter since the third quarter of 1943.

TABLE 6. Intention of Owner-Operators who recently sold land, sample counties, Fourth Quarter, 1945, North Central Region.

Area	Intent of owner-operators after				
	selling land				
	Total	Continue	Other	In Armed	Retire
	transfers	to Farm	Occupations	Forces	
	classified:				
	(Number)	Percent			
Corn Belt Area	46	55	11	0	34
Dairy Area	70	39	14	0	47
Corn Belt Fringe Area	78	52	10	0	38
General Farming Area	81	49	18	0	33
Cutover and Ozark Area	12	58	0	0	42
Cotton Area	4	50	25	0	25
REGION	291	51	12	0	37

TABLE 5. Types of Owners selling farms, Fourth Quarter, 1945
 North Central Region

Area	:	:	Type of Seller			
			Total	Owner	Land-	Unclas- : Corpor-
			transfers:	oper-	lord :	sified : Estates: ations
				ator :	individ-	: and
					uials :	: Gov't.
	(Number)				Percent	
<u>CORN BELT AREA</u>	292	11	24	29	23	13
Central Indiana-Ohio	178	24	34	11	30	1
Illinois-Indiana Cash Grain	26	4	15	38	39	4
Illinois-Iowa Livestock	39	13	20	44	23	0
Central and Northern Iowa	23	9	22	30	13	26
Western Iowa	26	0	31	19	15	35
<u>DAIRY AREA</u>	428	17	26	44	10	3
Northeastern Ohio	101	18	15	57	7	3
Lake Michigan	257	20	30	40	8	2
East St. Louis	70	7	27	39	23	4
<u>CORN BELT FRINGE AREA</u>	596	16	23	42	14	5
Toledo General Farming	161	14	16	57	12	1
Kankakee River	40	28	48	7	10	7
Lower Wabash River	79	14	13	51	15	7
Missouri Putnam Soils	51	31	39	2	18	10
Iowa-Missouri Pasture	73	12	17	60	7	4
Maryville-Greenfield Livestock	51	6	12	59	12	11
Southern Minnesota	71	16	24	39	17	4
LaCrosse-Dubuque Livestock	70	16	23	38	17	6
<u>GENERAL FARMING AREA</u>	705	13	16	51	11	9
Southeastern Ohio	114	21	18	47	11	3
Southeastern Indiana	161	16	17	58	7	2
Southwestern Missouri Plains	54	9	19	59	11	2
Central Minnesota-Wisconsin	162	20	14	42	11	13
Red River Valley	76	4	25	28	21	22
Central and Western Michigan	138	0	9	86	3	2
<u>CUTOVER AND OZARK AREA</u>	197	7	30	56	4	3
Michigan Cutover	83	0	16	77	4	3
Missouri Ozark	114	10	34	49	4	3
<u>MISSOURI-ILLINOIS COTTON AREA</u>	13	38	23	8	0	31
<u>REGIONAL TOTAL</u>	2231	14	22	41	15	8

PRICES

The present selling price of land sold in the region is \$20 per acre higher than in the fourth quarter of 1941 and has risen from \$78 per acre a year ago to \$79 per acre this quarter (Table 7). This marks a slight drop from last quarter but is above the average price of any quarter of previous years.

TABLE 7. Average Price Per Acre

Year	Quarter				Yearly Average
	First	Second	Third	Fourth	
	Dollars				
1941	53	54	55	59	55
1942	60	58	61	61	59
1943	68	68	73	72	70
1944	76	73	77	78	76
1945	85	78	80	79	82

The average price of all land sold in 1945 is 8 percent above the 1944 figure and 49 percent above 1941 which represents a rise of slightly more than 1 percent a month in land values (Table 8). The greatest rise in the past year has occurred in the Cutover and Ozark Area where the increase is more than twice as great as any other area. The rise in land prices since 1941 has varied from 47 percent in the Corn Belt Area to 74 percent in the Cotton Area. The poorer land areas of the region have had a greater increase in land price than the better areas.

There is some indication that the rate of increase in land values is slowing down. The percentage rise from 1941 to 1942 was 7 percent; from 1942 to 1943, 18 percent; from 1943 to 1944, 9 percent, and 1944 to 1945, 8 percent.

TABLE 8. The Yearly Average Per Acre Price of Farm Real Estate changing ownership - by Areas - 1941-1945, North Central Region.

Area	Y E A R					Pct.	Pct.
	1941	1942	1943	1944	1945	Change 1945 : 1944	Change 1945 : 1941
	Dollars					over	over
Corn Belt Area	90	97	112	122	132	+ 8	+47
Dairy Area	66	70	86	94	98	+ 4	+48
Corn Belt Fringe Area	49	52	62	68	73	+ 7	+49
General Farming Area	27	30	35	39	42	+ 8	+56
Cutover and Ozark Area	14	15	18	20	24	+20	+71
Cotton Area	78	93	139	130	136	+ 5	+74
Region	55	59	70	76	82	+ 8	+49

The average price of land this quarter is 1 percent higher than the fourth quarter of last year (Table 9). This is the smallest increase since the study began. The average selling price of land in the Cotton Area and the Corn Belt Area is less than a year ago. The current quarter and the fourth quarter of 1942, when the average price was 1 percent below the preceding year, are the only times that the average price in the Corn Belt Area has been lower than comparable quarters of the preceding year. Since the general trend of prices in other areas is upward it may be that the decline shown for the Corn Belt Area is an indication that the quality of land being transferred in this area is below that of a year ago.

The current quarter average price in the Dairy Area and the General Farming Area is as high or higher than any previous quarter.

The highest price reported paid for a farming unit in the counties surveyed this quarter was \$300 per acre for 160 acres in Logan County, Illinois.

BUYERS' EQUITY

Mortgage debt per acre on credit financed purchases has reached a new peak in the Dairy Area and the Corn Belt Fringe Area (Table 10). Only in the Corn Belt Area is the average debt on credit financed purchases less than a year ago. The average per acre debt in the Dairy Area is 7 percent above a year ago and is the same as the Corn Belt Area even though the average selling price of land in the Dairy Area is 11 percent lower. The average debt on credit financed purchases in the Corn Belt Fringe Area is 10 percent above a year ago. Some indication of the position mortgagors are placing themselves in can be gained from the fact that the average debt on credit financed purchases in the Dairy Area is 95% of the average price of all land sold in that area in 1941. In the Corn Belt Fringe Area it is 38% of the average price for 1941 while in the General Farming Area it is 4% more than the 1941 average price.

TABLE 10. Per acre indebtedness of total purchases and mortgage financed purchases in the primary types of farming areas, by quarters - 1943-1945. North Central Region.

	:Corn Belt Areas :		: Dairy Areas :		:Corn Belt Fringe Areas :		:Gen.Farming Area :	
Year	All Pur:	Mtg.Fin:	All Pur:	Mtg.Fin:	All Pur:	Mtg.Fin:	All Pur:	Mtg.Fin:
	----- Dollars -----							
:1943								
:1st Quarter	41	60	28	50	22	32	12	20
:2nd Quarter	42	59	27	53	19	34	11	20
:3rd Quarter	33	56	28	55	20	37	9	20
:4th Quarter	36	60	26	53	20	37	11	21
:1944								
:1st Quarter	43	62	31	56	23	38	13	25
:2nd Quarter	39	61	29	51	23	41	12	26
:3rd Quarter	29	64	23	48	20	39	11	24
:4th Quarter	39	65	28	59	22	39	12	25
:1945								
:1st Quarter	38	65	30	53	23	41	11	26
:2nd Quarter	37	63	32	54	22	41	11	27
:3rd Quarter	34	65	27	54	21	39	13	29
:4th Quarter	39	63	34	63	21	43	14	28

TABLE 9.

Average per acre price of farm real estate changing
ownership in sample counties, by areas,
Fourth Quarter 1941 - 45 North Central Region 1/

Area	Fourth Quarter					Pct. Change
						4th quarter
	1941 2/	1942	1943	1944	1945	'45 over 4th quarter '44.
	Dollars					(Percent)
<u>CORN BELT AREA</u>	99	98	112	126	117	- 7
Central Indiana-Ohio	82	89	102	122	134	+10
Illinois-Indiana Cash Grain	134	151	128	180	174	- 3
Illinois-Iowa Livestock	97	92	104	130	99	-24
Central and Northern Iowa	101	88	122	108	101	- 6
Western Iowa	65	70	82	97	77	-21
<u>DAIRY AREA</u>	63	73	94	97	105	+ 8
Northeastern Ohio	73	81	101	111	119	+ 7
Lake Michigan	65	77	103	100	112	+12
East St. Louis	45	48	54	68	62	- 9
<u>CORN BELT FRINGE AREA</u>	54	54	63	66	74	+12
Toledo General Farming	69	69	83	89	103	+16
Kankakee River	58	70	62	79	78	- 1
Lower Wabash River	47	44	64	53	70	+32
Missouri Putnam Soils	24	26	29	30	44	+47
Iowa-Missouri Pasture	34	37	45	44	47	+ 7
Maryville-Greenfield Livestock	62	56	62	62	61	- 2
Southern Minnesota	65	64	74	77	90	+17
LaCrosse-Dubuque Livestock	52	44	59	63	70	+11
<u>GENERAL FARMING AREA</u>	27	33	37	42	43	+ 2
Southeastern Ohio	25	28	29	34	36	+ 6
Southeastern Indiana	15	23	35	41	39	- 5
Southwestern Missouri Plains	33	27	39	48	58	+21
Central Minnesota-Wisconsin	17	26	28	36	31	-14
Red River Valley	20	24	31	33	30	- 9
Central and Western Michigan	51	63	63	66	76	+15
<u>CUTOVER AND OZARK AREA</u>	16	16	18	21	24	+14
Michigan Cutover	19	20	22	26	24	- 8
Missouri Ozark	15	15	17	19	24	+26
<u>MISSOURI-ILLINOIS COTTON AREA</u>	86	101	154	151	131	-13
<u>REGIONAL AVERAGE</u>	59	61	72	78	79	+ 1

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943, 1944 and 1945 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month.

2/ Based on 33 sample counties. Land prices in areas for which 1941 data were not available were calculated on the basis of the 1941-42 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

With the exception of the Cotton Area, the Corn Belt Area had the smallest proportion of cash sales (Table 11). The 47 percent of cash sales in the Corn Belt Area compares with 60 percent last quarter and 53 percent a year ago. The proportion of cash sales in the Dairy Area is also lower than a year ago.

Buyer's who have financed their current quarter land purchase retain an average equity of 44 percent. This is the same as the first and third quarters of the year and is the highest average equity attained since the study began. Mortgagors in the Corn Belt Area and the Cutover and Ozark Area retain the greatest equity while those in the Cotton Area and the General Farming Area have the smallest equity.

An average equity of 67 percent in all purchases is the lowest since the second quarter of last year and compares with 71 percent last quarter and 68 percent a year ago. The greatest drop in the average equity of all purchases from a year ago has occurred in the Corn Belt Area where it is now 60 percent as compared to 70 percent. This is the lowest equity in total purchases for the Corn Belt Area since the second quarter of 1943.

The proportion of credit financed purchases is higher this quarter than either last quarter or a year ago (Table 12). The downward trend in the proportion of credit financed purchases which was halted in the second quarter of this year apparently has reversed itself. This is the second successive quarter that the proportion of credit financed purchases has been higher than comparable quarters of the preceding year. The proportion of credit financed purchases reported is low since some mortgages are recorded after the end of the quarter and are not included in these figures.

TABLE 12. Proportion of tracts financed by mortgage or contracts -
North Central Region 1/

: Year :	Quarter				:
	: First :	: Second :	: Third :	: Fourth :	
:	Percent				:
: 1942	63	65	52	53	:
: 1943	60	52	48	48	:
: 1944	53	46	41	44	:
: 1945	45	46	44	45	:
:					:

1/ Taken from past quarterly land market reports.

TABLE 11. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties
North Central Region, Fourth Quarter, 1945.

Area	Total Transfers	Method of Financing			Buyer's Equity	
		Cash Sales	Cash and Mort- gage	Purchase con- tracts	In mort- gaged proper- ties ^{1/}	In all proper- ties deeded
	(Number)	-	-	Percent	-	-
<u>CORN BELT AREA</u>	292	47	51	2	43	62
Central Indiana-Ohio	178	46	54	0	46	72
Illinois-Indiana Cash Grain	26	81	19	0	46	83
Illinois-Iowa Livestock	39	46	54	0	50	58
Central & Northern Iowa	23	30	70	0	40	49
Western Iowa	26	46	35	19	33	56
<u>DAIRY AREA</u>	428	55	44	1	43	68
Northeastern Ohio	101	62	38	0	42	70
Lake Michigan	257	50	49	1	43	64
East St. Louis	70	63	37	0	46	78
<u>CORN BELT FRINGE AREA</u>	596	58	41	1	51	70
Toledo General Farming	161	61	39	0	44	74
Kankakee River	40	55	45	0	34	60
Lower Wabash River	79	59	41	0	37	69
Missouri Putnam Soils	51	61	39	0	41	69
Iowa-Missouri Pasture	73	59	41	0	35	72
Maryville-Greenfield Livestock	51	65	35	0	35	76
Southern Minnesota	71	54	45	1	43	71
La Crosse-Dubuque Livestock	70	54	39	7	33	68
<u>GENERAL FARMING AREA</u>	705	59	41	0	38	67
Southeastern Ohio	114	58	42	0	37	68
Southeastern Indiana	161	49	51	0	46	65
Southwestern Missouri Plains	54	50	50	0	51	72
Central Minnesota-Wisconsin	162	62	38	0	38	67
Red River Valley	76	71	29	0	24	64
Central & Western Michigan	138	52	48	0	43	66
<u>CUTOVER AND OZARK AREA</u>	197	67	33	0	50	77
Michigan Cutover	83	94	6	0	67	97
Missouri Ozark	114	58	42	0	44	71
<u>MISSOURI-ILLINOIS COTTON AREA</u>	13	38	62	0	34	47
<u>REGIONAL TOTAL</u>	2231	55	44	1	44	67

^{1/} Includes purchase contracts.

MORTGAGE FINANCING

Commercial banks are becoming more and more important as a source of mortgage credit. They provided credit for 30 percent of the current quarter purchases financed by new mortgages (Table 13). With the exception of the second quarter of the current year, this is the highest proportion of purchases financed by banks since the beginning of the study and compares with 28 percent last quarter as well as a year ago.

Sellers are the main source of mortgage credit in the Cotton Area and the Corn Belt Area. In all other areas, commercial banks provide a larger proportion of mortgage credit than other sources.

Government loans provided credit for 9 percent of the financed purchases which is about the same as past quarters.

Individuals were the source of credit for 15 percent of the credit financed purchases this quarter.

Insurance companies were the source of credit for 9 percent of the financed purchases in the region, but supplied credit for 20 percent of the financed purchases in the Corn Belt Area.

Other less common lending agencies lost some ground this quarter. The proportion of credit financed purchases financed by this group has dropped from 7 percent a year ago and 6 percent last quarter to 5 percent this quarter. In the current quarter only 14 percent of the loans have a rate of more than 5 percent (Table 14). There is very good evidence that the mortgage loan rate has been reduced. In the third and fourth quarters of last year 23 and 26 percent respectively of the new mortgages carried interest rates of more than 5 percent. Last quarter 13 percent of the new loans carried interest rates of more than 5 percent. The reduction in the proportion of loans bearing more than 5 percent interest has resulted principally in an increase in the proportion of loans bearing 4 and $4\frac{1}{2}$ percent interest. 1/

1/ Sample counties used in the study of mortgage terms are Ogle and McHenry, Illinois; Adams, Knox, Indiana; Fayette, Clarke, Palo Alto and Story, Iowa; Seneca, Darke, Madison and Muskingum, Ohio; Monroe, Missouri; Lenawee, Livingston and Van Buren, Michigan; and Cottonwood, Minnesota.

TABLE 13.

Area	Purchase	Other new mortgages by				
	money	Individ-	FLB	Insur-	Com-	Other
	mortgages		LBC	ance	mercial	
	2/	uals	& FSA	Co.	Banks	
	Percent					
<u>CORN BELT AREA</u>	36	9	18	20	16	1
Central Indiana-Ohio	13	18	2	14	45	8
Illinois-Indiana Cash Grain	20	0	40	40	0	0
Illinois-Iowa Livestock	13	18	31	13	25	0
Central & Northern Iowa	57	7	7	22	7	0
Western Iowa	73	0	18	0	9	0
<u>DAIRY AREA</u>	28	21	5	4	36	6
Northeastern Ohio	34	21	0	0	34	11
Lake Michigan	33	26	3	7	26	5
East St. Louis	0	5	19	0	71	5
<u>CORN BELT FRINGE AREA</u>	32	15	8	5	35	5
Toledo General Farming	9	23	2	5	54	7
Kankakee River	53	6	0	6	35	0
Lower Wabash River	45	5	4	5	41	0
Missouri-Putnam Soils	53	20	7	0	20	0
Iowa-Missouri Pasture	28	22	0	0	22	28
Maryville-Greenfield Livestock	32	23	7	0	38	0
Southern Minnesota	30	10	10	7	43	0
LaCrosse-Dubuque Livestock	34	10	24	14	14	3
<u>GENERAL FARMING AREA</u>	26	18	3	6	35	12
Southeastern Ohio	17	7	0	0	15	61
Southeastern Indiana	16	14	0	0	59	11
Southwestern Missouri Plains	12	28	8	4	44	4
Central Minnesota-Wisconsin	31	24	4	0	41	0
Red River Valley	29	10	5	33	14	9
Central & Western Michigan	29	18	2	0	49	2
<u>CUTOVER AND OZARK AREA</u>	32	19	2	0	43	4
Michigan Cutover	34	33	0	0	33	0
Missouri Ozark	31	14	3	0	46	6
<u>MISSOURI-ILLINOIS COTTON AREA</u>	80	20	0	0	0	0
<u>REGIONAL TOTAL</u>	32	15	9	9	30	5

1/ Percentages of total number of new mortgages on tracts conveyed.

2/ Includes contracts.

TABLE 14. Proportion of new farm land mortgages made at various interest rates, by type of lender, 17 sample counties, Fourth Quarter, 1945 - North Central Region.

Type of Lender	Total Cases	Percent of total loans of each type of lender by interest rates									
		2%	3%	3½%	4%	4½%	5%	6%	7%	8%	
	(Number)	-	-	-	-	-	-	-	-	-	
Individuals	101	0	5	0	37	8	37	13	0	0	
Commercial Banks	74	0	0	0	28	4	45	23	0	0	
Insurance Companies	25	0	0	0	56	20	20	4	0	0	
FLB and LBC	18	0	0	0	61	6	33	0	0	0	
Others	37	0	0	0	8	11	68	13	0	0	
TOTAL	255	0	2	0	34	8	42	14	0	0	
Interest rate not given	48										
GRAND TOTAL	303										

There has been little change in the proportion of new mortgages which will become due within five years. Fifty-one percent of the new mortgages made this quarter will mature within five years or less (Table 15). This compares with 57 percent last quarter as well as a year ago.

The high proportion of short term loans and the fact that the average mortgage debt per acre on credit financed purchases is almost as high as the selling price of land in 1941 presents a serious problem. Attempting to pay the full purchase price of a farm in five years even at 1941 prices certainly is taking on a heavy responsibility.

TABLE 15. Proportion of new farm mortgages made for various lengths of time, by type of lender, 17 sample counties, Fourth Quarter, 1945 - North Central Region.

Type of Lender	Length of Mortgage						
	Total	1 year	2, 3,	4, 5	6, 7,	8 or 9:	Over
	Cases	less	years	years	years	years	years
	(Number)				Percent		
Individuals	100	8	16	43	6	21	6
Commercial Banks	74	14	5	42	7	27	5
Insurance Companies	35	3	0	0	3	26	68
FLB and LBC	18	0	0	11	0	11	78
Other	19	5	5	42	5	32	11
TOTAL	246	8	9	34	5	24	20
Length of mortgage not given	57						
GRAND TOTAL	303						

More than 4/5 of the mortgages made this quarter provide some plan of amortized payment (Table 16). This is a larger proportion than any previous quarter and compares with 76 percent last quarter and 74 percent a year ago. However, amortization may provide no advantage when heavy payments are required for a short term loan.

TABLE 16. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 17 sample counties, Fourth Quarter, 1945 - North Central Region.

Type of lender	Total	Percent of total mortgages		
		Fully	Partially	Not
	Cases	Amortized	Amortized	Amortized
	(Number)		Percent	
Individuals	77	34	39	27
Commercial Banks	71	41	38	21
Insurance Companies	28	21	79	0
FLB and LBC	18	100	0	0
Others	37	73	19	8
TOTAL	231	46	37	17
Method of repayment not given	72			
GRAND TOTAL	303			

RESALES

The third quarter of this year provides a contrast over a year ago in the proportion of tracts resold within a year or less and the gross profit on these resales (Figure 2). Last quarter 8 percent of the tracts sold were resales of tracts purchased during the preceding year. This compares with 13 percent of the sales a year ago. The average gross profit last quarter of 4 percent compares with 28 percent a year ago. 1/

Resales of tracts held two years or less accounted for 14.6 percent of last quarter's transfers (Table 17). This compares with 15 percent last quarter and 17 percent a year ago. The gross profit on these resales was 15 percent compared to 19 percent last quarter and 28 percent a year ago. Almost 23 percent of the third quarter transfers were sales of tracts purchased since the first of January 1941.

1/ See Table 17 for counties used in the study of resales.

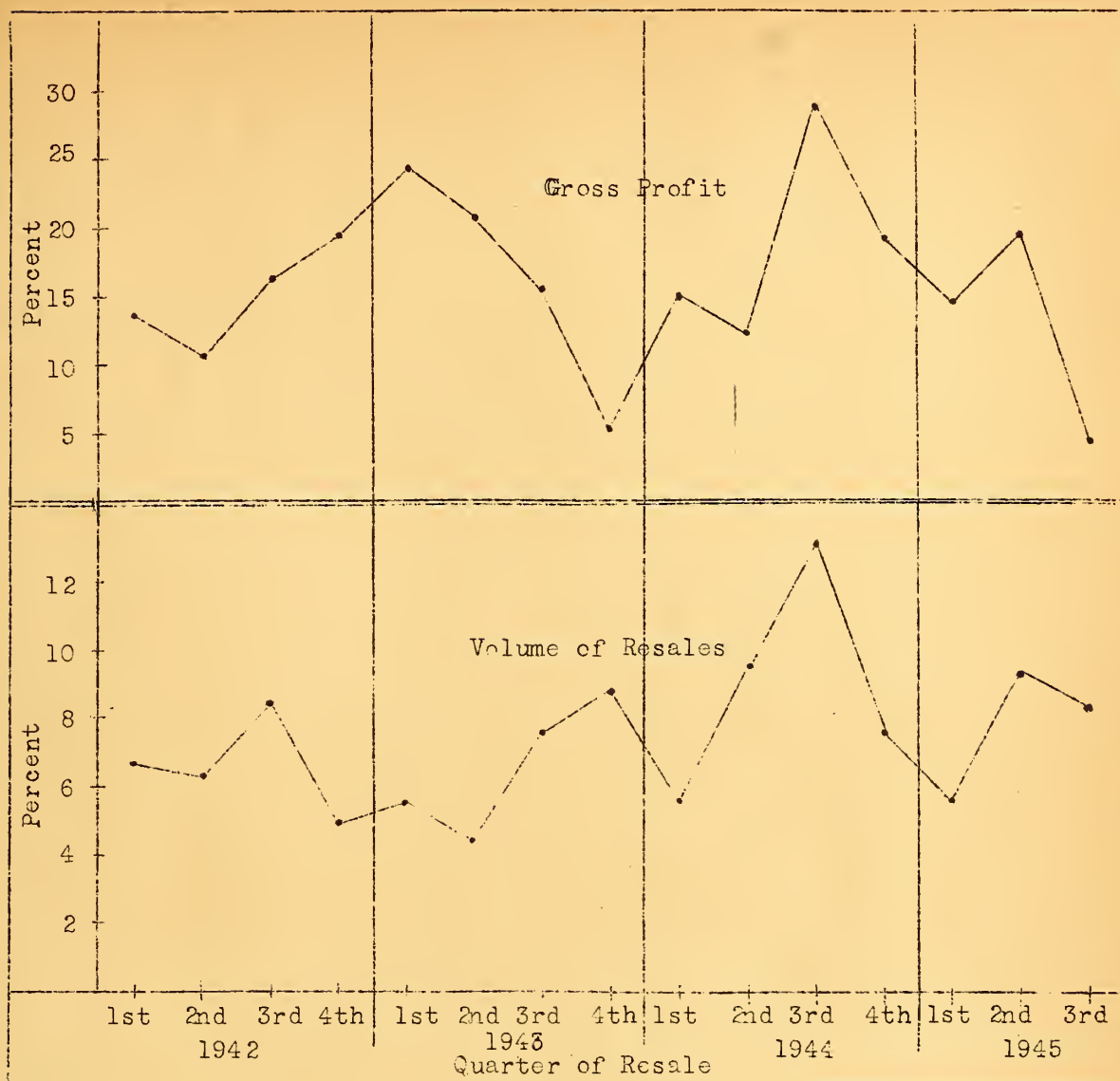


Figure 2. The average percent of gross profit from tracts resold within a year and the proportion of total quarter sales resold within a year by quarter of resale. ^{1/}

^{1/} Legan descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once. Purchase and sale prices were used in determining the change in price or gross profit to the seller.

TABLE 17.

Number and percentage of Third Quarter 1945 sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

State and County	Number of transfers	Number of resales by months between purchase and resale				Sales of properties:hold more than 24 months				All Sales			
		Over 6 months	Over 12 months	Over 18 months	Over 24 months	Ratio of:hold more than 24 months	Ratio of:hold more than 24 months	Ratio of:hold more than 24 months	Ratio of:hold more than 24 months	Ratio of:hold more than 24 months	Ratio of:hold more than 24 months	Ratio of:hold more than 24 months	Ratio of:hold more than 24 months
Knox, Illinois	19	0	0	1	1	2	11%	1	3	16%			
Fayette, Iowa	18	0	1	0	1	2	11	0	2	11			
Cedar, Iowa	4	0	0	0	0	0	--	0	0	--			
Andraia, Missouri	38	2	0	1	1	4	11	7	11	29			
Putnam, Ohio	32	1	0	3	1	5	16	2	7	22			
Rush, Indiana	25	2	0	0	1	3	12	0	3	12			
Cottonwood, Minn.	16	0	0	0	0	0	--	2	2	12			
Steele, Minn.	6	0	0	0	0	0	--	1	1	17			
Jewings, Indiana	66	5	7	1	5	18	27	2	20	30			
Harrison, Missouri	41	2	1	0	2	5	12	5	10	24			
Pemiscot, Missouri	15	0	2	0	0	2	13	3	5	33			
TOTAL	280	12	11	6	12	41	14.6%	23	64	22.8%			
Percentage change in price		+8.2%	+1.3%	+37.7%	+25.0%	+15.4%		+44.0%	+24.7%				
Second Quarter 1945													
TOTAL	454	27	15	14	12	68	15.0%	39	107	23.6%			
Percentage change in price		+20.0%	+19.8%	+7.1%	+36.8%	+19.0%		+32.7%	+23.8%				

1/ It will be noted that the table is based on Third Quarter transfers.

OUTLOOK

The change in the volume of transfers has been slight and extremely varied between areas and therefore probably cannot be designated as a trend. However, it does not appear likely that there will be a return to the heavy volume of transfers in 1943 and 1944 unless there is widespread speculation in land which at the present time does not appear to be developing. The outlook for next quarter is for a smaller number of transfers than the first quarter of this year.

It is expected that land prices will increase next quarter at least as much as this quarter and probably more. Land prices have been increasing at a slower rate the past two years and it is expected that this slowing down will continue in the next year.

The indications are that the proportion of credit financed purchases will continue to increase.

The expected retirement of aged operators after the war has made itself evident this quarter. Since over most of the region farming operations begin March first, it is likely that a larger proportion of owner-operators who sell their farms will retire than was the case this quarter.

